



**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

Monroe County, Michigan

FINANCIAL STATEMENTS

December 31, 2004

58-7514

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name MONROE COUNTY DRAIN COMMISSIONER, COUNTY AGENCY		County MONROE
Audit Date 12/31/04	Opinion Date 2/17/05	Date Accountant Report Submitted to State: 3/31/05		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

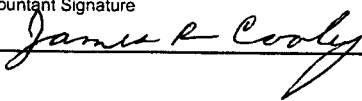
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).	X		

Certified Public Accountant (Firm Name) COOLEY HEHL WOHLGAMUTH & CARLTON, PLLC			
Street Address 1 SOUTH MONROE STREET		City MONROE	State MI
Accountant Signature 		ZIP 48161	Date 3/31/05

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

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Independent Auditor's Report

Monroe County Drain Commissioner
County Agency
Monroe County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Monroe County Drain Commissioner, County Agency, a component unit of Monroe County, as of and for the year ended December 31, 2004, which collectively comprise the Monroe County Drain Commissioner, County Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Monroe County Drain Commissioner, County Agency's, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Monroe County Drain Commissioner, County Agency, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2005, on our consideration of the Monroe County Drain Commissioner, County Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 7 through 10, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Monroe County Drain Commissioner, County Agency's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Monroe County Drain Commissioner, County Agency. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cooley Hehl
Wahlgamuth & Carlton

February 17, 2005



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Independent Auditor's Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards

Monroe County Drain Commissioner
County Agency
Monroe County, Michigan

We have audited the financial statements of the Monroe County Drain Commissioner, County Agency as of and for the year ended December 31, 2004, and have issued our report thereon dated February 17, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Monroe County Drain Commissioner, County Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the Monroe County Drain Commissioner, County Agency in a separate letter dated February 17, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Monroe County Drain Commissioner, County Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, County of Monroe, and federal awarding agencies and the Michigan Department of Environmental Quality, and is not intended to be and should not be used by anyone other than these specified parties.

Coaly Hill
Wohlgenuth & Carlton

February 17, 2005



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Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control
over Compliance in Accordance with OMB Circular A-133

Monroe County Drain Commissioner
County Agency
Monroe County, Michigan

Compliance

We have audited the compliance of the Monroe County Drain Commissioner, County Agency with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The Monroe County Drain Commissioner, County Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Monroe County Drain Commissioner, County Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Monroe County Drain Commissioner, County Agency's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Monroe County Drain Commissioner, County Agency's compliance with those requirements.

In our opinion, the Monroe County Drain Commissioner, County Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items X1-1.

Internal Control Over Compliance

The management of the Monroe County Drain Commissioner, County Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Monroe County Drain Commissioner, County Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, the County of Monroe, and federal awarding agencies and the Michigan Department of Environmental Quality and is not intended to be and should not be used by anyone other than these specified parties.

Cooley Wehl
Whelan & Carter

February 17, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2004

Our discussion and analysis of Monroe County Drain Commissioner – County Agency's financial performance provides an overview of the Agency's financial activities for the fiscal year ended December 31, 2004. This letter is presented in conjunction with the transmittal letter and the Agency's financial statements included herewith.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11, 12, and 13) provide information about the activities of the Agency as a whole and present a longer-term view of the Agency's finances. Interfund balances and activity have been eliminated to prevent the double reporting of revenues and expenses. The Fund Financial Statements start on page 14.

For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending as well as reporting on the Agency's major funds. The remaining statements provide financial information about activities for which the Agency acts solely as an agent for the benefit of those outside of the government. The financial statements also include notes which provide more detailed explanation about some of the information in the financial statements.

Reporting the Agency as a Whole

Our analysis below focuses on the net assets (Table 1) and the changes in net assets (Table 2) of the Agency's governmental and business-type activities between the current year and the prior year:

**Net Assets
(Table 1)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Current assets	\$12,213,406	\$ 6,873,194	\$ 1,041,380	\$ 1,007,713	\$13,254,786	\$ 7,880,907
Restricted assets	3,758,374	3,540,238	6,140,393	5,459,018	9,898,767	8,999,256
Noncurrent assets	49,720,034	43,062,761	17,560,319	17,429,514	67,280,353	60,492,275
Total assets	65,691,814	53,476,193	24,742,092	23,896,245	90,433,906	77,372,438
Current liabilities	4,678,463	4,591,920	258,198	277,061	4,936,661	4,868,981
Noncurrent liabilities	49,713,475	43,040,661	278,450	421,430	49,991,925	43,462,091
Total liabilities	54,391,938	47,632,581	536,648	698,491	54,928,586	48,331,072
Net assets:						
Invested in capital assets, net of debt	95,951	109,188	17,143,319	16,873,964	17,239,270	16,983,152
Restricted	9,122,323	3,841,412	6,124,997	5,445,350	15,247,320	9,286,762
Unrestricted	2,081,602	1,893,012	937,128	878,440	3,018,730	2,771,452
Total Net Assets	\$11,299,876	\$ 5,843,612	\$24,205,444	\$23,197,754	\$35,505,320	\$29,041,366

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2004

Governmental Activities

Revenues for the Agency's governmental activities, Charges for Services (Table 2) increased by \$19,112 this year while total expenses increased only \$24,991. The factors driving these results include:

- ❖ A stable work force with little turnover. Trained, licensed professionals that provide required preventive maintenance on all equipment and vehicles. No duplication of effort because County maintains in-house equipment, tools and supplies for all systems.

Revenues for the Agency's governmental activities, Local Unit Contributions (Table 2) increased by \$2,518,363 reflecting the fourteen (14) water and sewer construction projects in various stages of completion.

- ❖ Two municipalities, Petersburg and Ash projects changed the location of their water source from well water to Lake Erie.
- ❖ Frenchtown Township is almost doubling its water distribution capacity with their water plant expansion project.
- ❖ The Village of Dundee is dramatically increasing its sewer plant capacity with its wastewater treatment plant project. The project is being financed with both a bond issue and grant monies from the Global Alliance Engine Plant Project.

Expenses for the Agency's governmental activities:

- ❖ Debt service increased due to two (2) 2003 and three (3) 2004 new bond issues.
- ❖ Capital Projects – related costs for the 11 projects. Most to be final in spring 2005.
- ❖ Operation & Maintenance – increased costs are due in part to the County imposed charge for Central Services and payroll related cost. Increases in Unemployment, Health Insurance and Retiree Health Care also affect these activities.
- ❖ Ida O & M Sewage Disposal System: Agency workers completed major equipment upgrades to the lift stations servicing the Ida/Raisinville lagoons.

Business-type Activities

Revenues of the Agency's business-type activities (Table 2) increased by \$338,995 this year while total expenses increased by only \$236,235. The primary factors driving these results include:

- ❖ The SCWS supplied more water to residents due to increased residential summer usage.
- ❖ Expenses increased by 8% over than the previous year to due additional costs necessary to increase the service area and supply more water.
- ❖ The design is complete for the second water connection to the City of Toledo, Ohio. Final approvals for the second connection have been granted by the City of Toledo Engineering Department. The bond issues and project bidding are expected in early 2005.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2004

**Changes in Net Assets
(Table 2)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Revenues						
Charges for services	\$ 2,060,136	\$ 2,041,024	\$4,026,613	\$3,687,658	\$ 6,086,749	\$ 5,728,682
Local unit contributions	13,945,031	11,426,668	0	0	13,945,031	11,426,668
Total Revenues	16,005,167	13,467,692	4,026,613	3,687,658	20,031,780	17,155,350
Expenses						
Debt service	2,150,227	2,020,635	24,075	30,695	2,174,302	2,051,330
Capital projects	6,594,359	9,571,373	0	0	6,594,359	9,571,373
Operation & maintenance	1,946,863	1,921,872	3,089,064	2,846,209	5,035,927	4,768,081
Total Expenses	10,691,449	13,513,880	3,113,139	2,876,904	13,804,588	16,390,784
Excess (deficiency) before nonoperating revenue	5,313,718	(46,188)	913,474	810,754	6,227,192	764,566
Nonoperating revenues						
Interest income	142,546	89,814	88,964	69,206	231,510	159,020
Gain/Loss on disposal of assets	0	3,400	5,252	(366,183)	5,252	(362,783)
Total Nonoperating Revenues	142,546	93,214	94,216	(296,977)	236,762	(203,763)
Changes in Net Assets	<u>\$ 5,456,264</u>	<u>\$ 47,026</u>	<u>\$1,007,690</u>	<u>\$ 513,777</u>	<u>\$ 6,463,954</u>	<u>\$ 560,803</u>

Change in Capital Assets and Long Term Debt Activity

Governmental Activities

- ❖ Principal of \$3,600,000 retired on long term debt in 2004.
- ❖ Three new bond issues in amount of \$10,540,510 for water system improvements.

Business-Type Activities

- ❖ The South County Water System second Water Connection to City of Toledo, Ohio is mandated by MDEQ. Project bonding and construction start are scheduled in 2005.
- ❖ Purchases during 2004 include necessary safety equipment. Two (2) vehicles were also replaced and the old vehicles were sold by public bid.
- ❖ The main pump station capacity was increased by replacing two smaller pumps with two larger capacity pumps. This activity increased the distribution capacity needed for the number of new housing starts in the area.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2004

Debt Administration

At year-end, the Agency had \$53.356 million in bonds outstanding versus \$46.414 million last year – an increase of 15.0 percent as shown in Table 3.

**Outstanding Debt at Year-end
Table 3**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Bonds	\$52,939,083	\$45,858,573	\$417,000	\$555,550	\$53,356,083	\$46,414,123

New debt resulted mainly from issuing bonds for two new projects – \$10,199,490 of water and sewer system improvement bonds.

Economic Factors and Next Year's Budget

The Agency's officials considered many factors when setting the fiscal year 2005 budget and the fees that will be charged for the business-type activities. One major factor is the planned yearly increases in the cost of water from the City of Toledo, Ohio.

Budgeted expenditures are expected to rise nearly 5 percent. Factors affecting the budgeted expenditures include increased wage adjustments, increased cost of health insurance and retiree health care, and increases in utility costs. The Agency has added no major new programs or initiatives to the 2005 budget.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

STATEMENT OF NET ASSETS

December 31, 2004

	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL	BUSINESS-TYPE	REPORTING
	ACTIVITIES	ACTIVITIES	ENTITY
ASSETS			
Current assets:			
Cash	\$2,054,175	\$242,373	\$2,296,548
Certificates of deposit	6,207,487	0	6,207,487
Petty cash	320	355	675
Accounts receivable	23,130	787,532	810,662
Due from local units	3,798,822	46,761	3,845,583
Internal balances	127,972	(127,972)	0
Inventory	0	92,331	92,331
Container deposits	1,500	0	1,500
Total current assets	12,213,406	1,041,380	13,254,786
Restricted assets:			
Fixed asset replacement			
certificates of deposit	3,758,374	6,122,700	9,881,074
Construction and debt retirement			
Cash and certificates of deposits	0	7,385	7,385
Cash with fiscal agent	0	10,308	10,308
Total restricted assets	3,758,374	6,140,393	9,898,767
Noncurrent assets:			
Net capital assets	95,951	17,560,319	17,656,270
Amount due from local units for			
retirement of long-term debt	49,624,083	0	49,624,083
Total noncurrent assets	49,720,034	17,560,319	67,280,353
Total assets	\$65,691,814	\$24,742,092	\$90,433,906
LIABILITIES			
Current liabilities			
Accounts payable	\$286,772	\$99,760	\$386,532
Retainage payable	359,354	5,088	364,442
Accrued payroll	40,380	0	40,380
Water meter and hydrant key deposits	0	4,492	4,492
Accrued interest payable	472,726	10,308	483,034
Deferred revenue	204,231	0	204,231
Current portion of long term debt			
net of related discount	3,315,000	138,550	3,453,550
Total current liabilities	4,678,463	258,198	4,936,661
Noncurrent liabilities			
Bonds payable(net of discount)	49,624,083	278,450	49,902,533
Accrued compensated absences	89,392	0	89,392
Total noncurrent liabilities	49,713,475	278,450	49,991,925
Total liabilities	54,391,938	536,648	54,928,586

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

STATEMENT OF NET ASSETS

December 31, 2004

	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL	BUSINESS-TYPE	REPORTING
NET ASSETS	ACTIVITIES	ACTIVITIES	ENTITY
Invested on capital assets net of related debt	\$95,951	\$17,143,319	\$17,239,270
Restricted for:			
Fixed asset replacement	3,758,374	6,122,700	9,881,074
Debt service	150,479	2,180	152,659
Capital projects	5,213,470	117	5,213,587
Unrestricted	2,081,602	937,128	3,018,730
Total net assets	11,299,876	24,205,444	35,505,320
Total liabilities and net assets	\$65,691,814	\$24,742,092	\$90,433,906

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2004

Functions / Programs	Expenses	Program Revenues	
		Charges for Services	Local Unit Contributions
Primary Government:			
Governmental Activities			
Debt service:			
Interest, premium, and fiscal agent fees	\$2,150,227	\$0	\$12,391,395
Capital Projects	6,594,359	0	1,360,652
Internal Service Funds			
Administrative Fund	200,312	251,581	0
Bedford Sewage Disposal System	1,574,278	1,625,367	189,072
Ida-Raisinville Sewage Disposal System	49,891	46,796	640
LaSalle Sewage Disposal System	14,780	27,715	1,772
Maybee Sewage Disposal System	48,329	46,548	0
South Rockwood Sewage Disposal System	38,291	39,447	0
Whiteford Sewage Disposal System	20,982	22,682	1,500
Total governmental activities	10,691,449	2,060,136	13,945,031
Business-type activities			
South County Water System	3,113,139	4,026,613	0
Total Primary Government	<u>\$13,804,588</u>	<u>\$6,086,749</u>	<u>\$13,945,031</u>
General Revenues:			
Interest Income			
Gain (Loss) on Disposal Of Asset			
Total General Revenues			
Change in Net Assets			
Net Assets - Beginning of year			
Net Assets - End of Year			

See accompanying notes to the basic financial statements

Net (Expense) Revenues and Change in Net Assets

Program Revenues		
Governmental Activities	Business-Type Activities	Total
\$10,241,168	\$0	\$10,241,168
(5,233,707)	0	(5,233,707)
51,269	0	51,269
240,161	0	240,161
(2,455)	0	(2,455)
14,707	0	14,707
(1,781)	0	(1,781)
1,156	0	1,156
3,200	0	3,200
5,313,718	0	5,313,718
0	913,474	913,474
5,313,718	913,474	6,227,192
142,546	88,964	231,510
0	5,252	5,252
142,546	94,216	236,762
5,456,264	1,007,690	6,463,954
5,843,612	23,197,754	29,041,366
<u>\$11,299,876</u>	<u>\$24,205,444</u>	<u>\$35,505,320</u>

FUND FINANCIAL STATEMENTS

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2004

	Frenchtown Debt Service	Dundee Sewer #3 Construction	Frenchtown Water #2 Construction
ASSETS			
Cash	\$749	\$108,316	\$467,309
Cetificates of deposit	9,112	2,800,000	1,500,000
Due from local units	0	0	0
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$9,861</u>	<u>\$2,908,316</u>	<u>\$1,967,309</u>
LIABILITIES			
Accounts payable	\$0	\$231	\$41,176
Retainage payable	0	124,766	118,021
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>0</u>	<u>124,997</u>	<u>159,197</u>
FUND BALANCE			
Reserved for debt service	9,861	0	0
Reserved for capital projects	0	2,783,319	1,808,112
	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>9,861</u>	<u>2,783,319</u>	<u>1,808,112</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	<u>\$9,861</u>	<u>\$2,908,316</u>	<u>\$1,967,309</u>

See accompanying notes to the basic financial statements

Ida Township Water #1 Construction	Other Governmental Funds	Total Governmental Funds
\$172,966	\$178,657	\$927,997
500,000	123,375	4,932,487
0	11,096	11,096
<u>\$672,966</u>	<u>\$313,128</u>	<u>\$5,871,580</u>
\$105,137	\$1,733	\$148,277
95,028	21,539	359,354
<u>200,165</u>	<u>23,272</u>	<u>507,631</u>
0	140,618	150,479
472,801	149,238	5,213,470
<u>472,801</u>	<u>289,856</u>	<u>5,363,949</u>
<u>\$672,966</u>	<u>\$313,128</u>	<u>\$5,871,580</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**

December 31, 2004

Total Governmental Fund Balance	\$5,363,949
Amounts reported for governmental activities in the statement of net assets are different because:	
Internal Service Funds are used by County Agency to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with the governmental activities in the statement of net assets.	
Total internal service fund net assets	5,935,927
Interest payable used in the governmental activities is not payable from current resources and therefore is not reported in the governmental funds	(472,726)
Interest payable used in the governmental activities is paid from contributions from other governments. Contributions from other governments are not reported in the governmental funds until the resources are put aside.	472,726
Amount due from local units for the retirement of long term debt is not included in the governmental funds but is included in the statement of net assets	52,975,000
Long term liabilities including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(52,975,000)
Total Net Assets of Governmental Activities	<u>\$11,299,876</u>

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2004

	Frenchtown Debt Service	Dundee Sewer #3 Construction	Frenchtown Water #2 Construction
Revenues			
Local unit contributions	\$1,123,300	\$628,141	\$0
Interest income and other	1,377	25,399	10,205
 Total Revenues	 1,124,677	 653,540	 10,205
 Expenditures			
Debt Service:			
Bond principal	735,000	0	0
Interest and paying agent fees	390,780	0	0
Bond redemption premium	0	0	0
Administrative and audit fees	270	0	0
Construction contracts	0	2,069,253	1,178,643
Engineering and other	0	493,748	158,886
 Total Expenditures	 1,126,050	 2,563,001	 1,337,529
 Excess (Deficiency) of Revenues over Expenditures	 (1,373)	 (1,909,461)	 (1,327,324)
 Other Financing Sources (Uses)			
Bond proceeds	0	4,972,911	3,191,962
Accrued and capitalized interest	9,112	(222,923)	(9,112)
Premiums on bonds issued	0	0	0
Bond issuance costs	0	(57,208)	(47,414)
Refunds to Governmental units	0	0	0
 Total Other Financing Sources (Uses)	 9,112	 4,692,780	 3,135,436
 Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	 7,739	 2,783,319	 1,808,112
 Fund Balances - Beginning of Year	 2,122	 0	 0
 Fund Balances - End of Year	 <u>\$9,861</u>	 <u>\$2,783,319</u>	 <u>\$1,808,112</u>

See accompanying notes to the basic financial statements

Ida Water #1 Construction	Other Governmental Funds	Total Governmental Funds
\$462,124	\$4,589,902	\$6,803,467
10,042	11,331	58,354
472,166	4,601,233	6,861,821
0	2,725,000	3,460,000
0	1,605,716	1,996,496
0	900	900
0	6,160	6,430
1,504,859	470,438	5,223,193
513,404	205,128	1,371,166
2,018,263	5,013,342	12,058,185
(1,546,097)	(412,109)	(5,196,364)
2,165,751	170,510	10,501,134
(10,751)	233,674	0
0	0	0
(44,819)	0	(149,441)
(91,298)	(1,256)	(92,554)
2,018,883	402,928	10,259,139
472,786	(9,181)	5,062,775
15	299,037	301,174
<u>\$472,801</u>	<u>\$289,856</u>	<u>\$5,363,949</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For The Year Ended December 31, 2004

Net Change in Fund Balances - Total Governmental Funds	\$5,062,775
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Amounts Reported for governmental activities in
the statement of activities are different because

Internal service funds are used by management to charge the costs of certain activities and asset replacement to the local units of government. The revenues, expenses and fixed asset replacement contributions of these Internal Service Funds are reported with the governmental activities.

Add - Interest Income	\$51,678	
Add - Net Income	148,827	
Add - Fixed Asset Reserve Contributions	<u>192,984</u>	
		393,489

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net assets. Payment of bond principal is an expenditure in the governmental funds, but the payment reduces long term liabilities in the statement of net assets

Add - payment of long term debt	3,460,000	
Deduct - bond proceeds	<u>(10,540,510)</u>	
		(7,080,510)

Issuing debt increases liabilities in the statement of net assets, but also increases amounts due from local governments for the retirement of long term debt. Payments reduce long term liabilities but also reduce amounts due from local governments for the retirement of long term debt.

Add - bond proceeds	10,540,510	
Deduct - Payment of long term debt	<u>(3,460,000)</u>	
		<u>7,080,510</u>

Change in Net Assets of Governmental Activities	<u><u>\$5,456,264</u></u>
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See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

December 31, 2004

	Business-type Activities	Governmental Activities
	South County Water	Internal Services
ASSETS		
Current Assets		
Cash	\$242,373	\$1,126,178
Certificates of deposit	0	1,275,000
Petty cash	355	320
Accounts receivable	787,532	23,130
Due from local units	46,761	0
Due from other funds	93	237,791
Inventory	92,331	0
Container deposits	0	1,500
Total Current Assets	<u>1,169,445</u>	<u>2,663,919</u>
Restricted assets:		
Fixed asset replacement		
Certificates of deposit	0	3,758,374
Construction and debt retirement		
Cash and cash retainage	7,385	0
Cash with fiscal agent	10,308	0
Vehicle and system capital		
Cash and certificates of deposit	6,122,700	0
Total Restricted Assets	<u>6,140,393</u>	<u>3,758,374</u>
Noncurrent assets		
Construction work-in-process	471,457	0
Land and rights-of-way	172,557	0
Utility plant in service	24,315,675	0
Building and building improvements	390,871	208,821
Equipment	214,831	190,840
Vehicles	321,099	444,140
	<u>25,886,490</u>	<u>843,801</u>
Accumulated depreciation	<u>(8,326,171)</u>	<u>(747,850)</u>
Total Noncurrent Assets	<u>17,560,319</u>	<u>95,951</u>
 Total Assets	 <u><u>\$24,870,157</u></u>	 <u><u>\$6,518,244</u></u>

See accompanying notes to the basic financial statements

	Business-type Activities South County Water	Governmental Activities Internal Service Funds
LIABILITIES		
Current Liabilities		
Accounts payable	\$99,760	\$101,968
Current portion of long-term debt	138,550	0
Accrued interest payable	10,308	0
Retainage payable	5,088	0
Due to other funds	128,065	146,346
Accrued payroll	0	40,380
Water meter and hydrant key deposits	4,492	0
Deferred revenue	0	204,231
Total Current Liabilities	386,263	492,925
Noncurrent Liabilities		
Bonds payable (net of discounts)	278,450	0
Compensated absences	0	89,392
Total Noncurrent Liabilities	278,450	89,392
Total Liabilities	664,713	582,317
NET ASSETS		
Invested in capital assets (net of related debt)	17,143,319	95,951
Restricted For:		
Capital projects	117	0
Debt retirement	2,180	0
Vehicles	151,900	0
Building	540,200	0
System capital	5,430,600	3,758,374
Unrestricted	937,128	2,081,602
Total Net Assets	24,205,444	5,935,927
Total Liabilities and Net Assets	\$24,870,157	\$6,518,244

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS**

For the Year Ended December 31, 2004

	Business-type Activities South County Water	Governmental Activities Internal Service Funds
OPERATING REVENUES		
Administrative fees	\$0	\$188,427
Utility labor and fringe benefits	0	2,023,890
Drain labor and fringe benefits	0	14,089
Operation and maintenance fees	0	1,802,391
Tap inspection fee	0	6,050
Utility billing charges	0	8,970
Debt service fees	0	3,040
Equipment rental	680	123,071
Office space rental	3,300	0
Metered water sales	2,541,997	0
Basic service charge	1,162,878	0
Sales of supplies and services	61,412	0
Penalties	62,471	0
Other revenue	460	5,769
	<hr/>	<hr/>
Total Operating Revenues	3,833,198	4,175,697
 Operating Expenses		
Wages and fringe benefits:		
Sewage disposal system	0	675,366
Administrative overhead department	0	196,372
Utility labor department	0	1,969,152
Depreciation	470,050	52,360
Administrative and general	285,214	0
Water supply operation maintenance	1,408,400	0
Utility billing operation	224,849	0
Distribution system maintenance	543,952	0
Meter and meter shop	57,980	0
Vehicle and equipment maintenance	82,060	0
Building maintenance	15,109	0
Other operating expenses	0	1,166,134
	<hr/>	<hr/>
Total Operating Expenses	3,087,614	4,059,384
	<hr/>	<hr/>
Net Operating Income (Loss)	745,584	116,313

Continued

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS

PROPRIETARY FUNDS

For the Year Ended December 31, 2004

(Concluded)

	Business-type Activities South County Water	Governmental Activities Internal Service Fund
Non-Operating Revenues (Expenses)		
Connection fees	\$193,415	\$0
Interest income/Replacement reserve interest	88,964	84,192
Gain (loss) on disposal of fixed assets	5,252	0
Interest expense	(23,625)	0
Amortization	(1,450)	0
Paying agent fees	(450)	0
 Total Non-Operating Revenues (Expenses)	 262,106	 84,192
 Income before contributions	 1,007,690	 200,505
 Contributions	 0	 192,984
 Total Net Assets - Beginning of Year	 23,197,754	 5,542,438
 Total Net Assets - End of Year	 \$24,205,444	 \$5,935,927

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2004**

	Business-type Activities South County Water	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$3,740,902	\$0
Cash paid to suppliers	(1,665,920)	(1,167,310)
Cash paid to employees	(905,658)	(2,875,214)
Cash received (paid) for internal services used	(54,375)	4,184,458
Other expenses paid	(456)	0
Net cash provided by operating activities	<u>1,114,493</u>	<u>141,934</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Connection fees and contributions to fixed asset reserves	193,415	192,984
Acquisition of capital assets	(600,855)	(39,123)
Proceeds from the sale of assets	5,252	0
Principal paid on capital debt	(140,000)	0
Interest paid on capital debt	(27,435)	0
Net cash provided by capital and related financing activities	<u>(569,623)</u>	<u>153,861</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned on cash investments	<u>88,964</u>	<u>84,192</u>
Net increase (decrease) in cash and cash equivalents	633,834	379,987
Cash and cash equivalents at beginning of year	5,749,287	5,779,885
Cash and cash equivalents at end of year	<u><u>\$6,383,121</u></u>	<u><u>\$6,159,872</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$745,584	\$116,313
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	470,050	52,360
Changes in assets and Liabilities:		
Receivables - net of allowances	(92,296)	3,735
Inventory	(6,069)	0
Due from local units	(425)	(23,883)
Accounts and other payables	(23,158)	(8,215)
Accrued liabilities	3,163	(34,324)
Due to from other funds	17,582	7,176
Deferred revenue	0	28,772
Deposits	62	0
Total Adjustments	<u>368,909</u>	<u>25,621</u>
Net cash provided by operating activities	<u><u>\$1,114,493</u></u>	<u><u>\$141,934</u></u>

See accompanying notes to the basic financial statements

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

STATEMENT OF ASSETS AND LIABILITIES

AGENCY FUNDS

December 31, 2004

**Total
Agency
Funds**

ASSETS

Accounts receivable-trade
Due from utilities

\$97,708

36,526

Total Assets

\$134,234

LIABILITIES

Due to local governmental units

\$134,234

See accompanying notes to the basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

Note 1 **Origin and Description of County Agency**

Establishment of the County Agency

In 1968 the County of Monroe entered into a program of water supply and sanitary sewer facility construction under Act 342, Public Acts of 1939, as amended. Pursuant to this Act the Monroe County Drain Commissioner was appointed County Agency by the Board of Commissioners. As organized by the Board of Commissioners, the Monroe County Drain Commissioner, County Agency performs the following functions:

1. Manages water supply system and sanitary sewer system construction projects that are bonded by the County of Monroe.
2. Oversees debt retirement of bonded debt that was used to finance the construction projects that it has managed.
3. Operates and maintains water supply systems and sanitary sewer systems as appointed by the Board of Commissioners.
4. Handles the billing and collections of utility bills when contracted to do so by local units of government.
5. Performs other services as needed to fulfill its duties.

Note 2 **Summary of Significant Accounting Policies**

A. Reporting Entity

The criteria established by Statement No. 14 of the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity's financial statements include fiscal interdependency, scope of public service, and financial accountability.

The Monroe County Drain Commissioner, County Agency is a component unit of the County of Monroe, Michigan, the primary government. For financial reporting purposes only the following funds, controlled by the Monroe County Drain Commissioner, County Agency, are included in this report: Debt Service Funds, Capital Project Construction Funds, Operations and Maintenance Internal Service Funds, Enterprise Fund, and Agency Funds. By accounting principles generally accepted in the United States of America, these funds are required to be in the report of the primary government.

The accounting policies of the Monroe County Drain Commissioner, County Agency conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2004

Note 2 Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Concluded)

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Monroe County Drain Commissioner, County Agency's overall financial position and results of operations
- Financial statements prepared using full accrual accounting for all of the Monroe County Drain Commissioner, County Agency's activities
- A change in the fund financial statements to focus on the major funds

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the Monroe County Drain Commissioner, County Agency. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, normally are supported by intergovernmental revenues.

The statement of activities demonstrates the degree to which the expenses of County Agency are offset by revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Governmental Activities - Debt Service Fund

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long term debt, principal, interest and related costs.

Governmental Activities - Capital Project Fund

The Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of major capital projects.

Governmental Activities - Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis. The Administrative Fund and the various Sewage Disposal Funds are reported in this report as internal service funds.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

Note 2 Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Concluded)

Business Type Activities - Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The South County Water System is the only Enterprise Fund in this report.

Agency Funds

Agency Funds are used to account for assets held as an agent for individuals, private organizations, other governmental units and/or other funds. These funds are reported in the fund financial statements only because they do not report resources under the control of Monroe County.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (statement of net assets and statement of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Intergovernmental, charges for services and other revenue associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

Note 2 Summary of Significant Accounting Policies (Continued)

- C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)
Amounts reported as *revenues* include 1) charges to customers for services provided (all revenue except intergovernmental) and 2) operating fees and local contributions (intergovernmental revenue).

Proprietary Funds

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Internal Service Fund are charges to the local governmental units. Operating expenses for Internal Service Funds include the cost of operating the local units sewage disposal system. Any revenue and expenses not meeting this definition are reported as Nonoperating Revenues and Expenses.

Required Supplementary Information

Budgetary comparison schedules are required to be presented as Required Supplementary Information for general funds and each major special revenue fund. Since the Monroe County Drain Commissioner, County Agency, does not have these funds, Required Supplementary Information is not presented. However, Budgetary Comparisons are presented in Other Supplementary Information.

D. Fixed Assets

General Fixed Assets - General Fixed Asset Account Group is used to account for fixed assets other than those accounted for in Proprietary Funds. Public domain (infrastructure) general fixed assets, consisting of certain improvements, other than buildings, are not capitalized. The Monroe County Drain Commissioner, County Agency, does not have any general fixed assets. Therefore, these financial statements do not include a General Fixed Asset Account Group.

Proprietary Fund Fixed Assets - Fixed assets used in the proprietary funds are capitalized at historical cost. Depreciation expense has been provided using the straight-line method of depreciation over the estimated useful life of the fixed assets as follows:

Office equipment	2 - 10 years
Inspection equipment	3 - 10 years
Vehicles	5 years
Auxiliary equipment	3 - 5 years
Utility plant in service	3 - 98 years
Building and building improvements	10 - 30 years

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2004

Note 2 Summary of Significant Accounting Policies (Concluded)

E. Long-Term Obligations

General long-term obligations are reported as liabilities in the governmental activities statement of net assets.

Long-term obligations expected to be financed from proprietary funds are accounted for in the Proprietary Fund.

F. Basis of Accounting

Modified Accrual Basis of Accounting

The modified accrual basis of accounting is followed in the Governmental Fund Types and the Agency Fund. Under the modified accrual basis of accounting, revenues are recognized when they are both measurable and available. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Accrual Basis of Accounting

The accrual basis of accounting is followed in the Proprietary Funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

G. Budgets

The Monroe County Drain Commissioner, County Agency does not prepare budgets for its Debt Service Funds and its Capital Project Funds.

Budgets are prepared for the Proprietary Fund Types: Enterprise Fund and Internal Service Funds. These budgets are adopted on an accrual basis consistent with generally accepted accounting principles. Appropriations lapse at year end.

All budgets are approved by the Monroe County Drain Commissioner, County Agency. The budget for the South County Water System is also approved by the South County Water Board and the budgets for the various sewage disposal systems are also approved by the appropriate local unit of government.

H. Deposits

Deposits are valued at cost.

I. Inventory

Inventory is valued at the lower of cost or market, using the first-in first-out method.

J. Accrued Compensated Absences

Accumulated unpaid vacation and sick pay is accrued when incurred. As of December 31, 2004, the Administrative Fund's liabilities included \$89,392 accrued vacation and sick pay.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2004

Note 3 **Deposits**

Deposits are carried at cost. Deposits of the Monroe County Drain Commissioner, County Agency are at local banks in the name of the Monroe County Treasurer. Act 217, PA 1982 authorizes the County of Monroe, as agent for the Monroe County Drain Commissioner, County Agency, to deposit and invest in the accounts of federally insured banks, insured credit unions, and savings and loan associations; bonds and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks, mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. Funds of the Monroe County Drain Commissioner, County Agency are deposited in separate bank accounts from other County funds.

The County's deposits are in accordance with statutory authority. The carrying amount of deposits is separately displayed on the balance sheet as (unrestricted) "cash", "cash with fiscal agent", or "certificates of deposit", and (restricted) "cash", "certificates of deposit", "cash and certificates of deposit", or "cash with fiscal agent".

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for the Monroe County Drain Commissioner, County Agency's cash deposits are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 100,000	\$ 100,000
Uninsured	<u>18,303,477</u>	<u>18,433,464</u>
Total Deposits	<u>\$18,403,477</u>	<u>\$18,533,464</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2004

Note 4

Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	
		\$98,568	Bedford O & M
		3,041	Ida\Raisinville O & M
		4,648	Maybee O & M
		120,888	SCW O & M
		2,499	S. Rockwood O & M
		457	LaSalle O & M
Administrative Fund	\$230,581	480	Whiteford O & M
	<u>\$230,581</u>	<u>\$230,581</u>	
Bedford O & M	\$7,201		
Ida\Raisinville O & M	6		
Maybee O & M	2		
LaSalle O & M	1		
SCW O & M	93		
S. Rockwood O & M	1	\$7,177	SCW O & M
Whiteford O & M	1	128	Administrative Fund
	<u>\$7,305</u>	<u>\$7,305</u>	
Ida-Trust & Agency	\$11,815	\$11,815	Ida\Raisinville O&M
Raisinville-Trust & Agency	3,940	3,940	Ida\Raisinville O&M
	<u>\$15,755</u>	<u>\$15,755</u>	
LaSalle Trust & Agency	\$10,317	\$10,317	LaSalle O & M
London Trust & Agency	\$1,756	\$ 1,756	Maybee O & M
Maybee Trust & Agency	5,530	5,530	Maybee O & M
	<u>\$7,286</u>	<u>\$ 7,286</u>	
Whiteford Trust & Agency	\$3,168	\$3,168	Whiteford O & M
Totals	<u>\$274,412</u>	<u>\$274,412</u>	

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

Note 5 **Summary of Changes in Fixed Assets - Internal Service Funds**

The following is a summary of changes in fixed assets for the Administrative Fund and Bedford O & M Fund.

	<u>Administrative Fund</u>			
	Balance December 31, 2003	Additions	Deletions	Balance December 31, 2004
Utility Equipment	\$21,534	\$0	\$0	\$21,534
Utility Vehicles	318,993	33,880	11,725	341,148
Administrative Vehicles	29,685	0	0	29,685
Administrative Office Equipment	92,996	5,243	26,732	71,507
	<u>\$463,208</u>	<u>\$39,123</u>	<u>\$38,457</u>	<u>\$463,874</u>
Accumulated Depreciation	\$410,635	\$32,130	\$38,457	\$404,308

	<u>Bedford O & M</u>			
	Balance December 31, 2003	Additions	Deletions	Balance December 31, 2004
Building Improvements	\$208,821	\$0	\$0	\$208,821
Equipment	107,027	0	9,228	97,799
Vehicles	75,582	0	2,275	73,307
	<u>\$391,430</u>	<u>\$0</u>	<u>\$11,503</u>	<u>\$379,927</u>
Accumulated Depreciation	\$334,815	\$20,230	\$11,503	\$343,542

Note 6 **Compensated Absences**

Employees of the Monroe County Drain Commissioner, County Agency, are governed by the County of Monroe employment policies as they pertain to vacation and sick days. The County's employment policy for vacation states that "vacation can be carried over one additional year from the end of the calendar year." Vacation is forfeited if not taken within a two year period. The employment policies for sick leave calls for yearly vesting of unused sick leave and yearly payout of one-half of the unused balance. Accordingly, the County Agency has an accrued liability to its employees for accumulated vested vacation and sick benefits. The policy is to record the current liability for vacation, sick and accrued wages and fringes in the financial statement of the applicable fund.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2004

Note 7 Long-Term Debt

The County has issued general obligation bonds for various waterworks and sewage disposal systems under Act 342, P.A. 1939, as amended. These bonds are supported by a pledge of the County's full faith and credit as well as by the various local units which make payments through contractual agreements with the County to meet the principal and interest of these bonds, but title will pass on to the local unit when the debt is retired.

The following is a summary of changes in long-term debt:

	<u>Enterprise Fund</u>	<u>General Long-Term Obligations</u>	<u>Totals</u>
Debt at December 31, 2003	\$560,000	\$45,858,573	\$46,418,573
New bonds issued	-	10,540,510	10,540,510
Bonds and contracts retired or called	<u>140,000</u>	<u>3,460,000</u>	<u>3,600,000</u>
Debt at December 31, 2004	<u>\$420,000</u>	<u>\$52,939,083</u>	<u>\$53,359,083</u>

The annual requirements to pay principal and interest on the long-term debt outstanding at December 31, 2004, excluding compensated absences, are as follows:

<u>Fiscal Years</u>	<u>Enterprise Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$140,000	\$20,265	\$160,265
2006	140,000	13,545	153,545
2007	<u>140,000</u>	<u>6,825</u>	<u>146,825</u>
	<u>\$420,000</u>	<u>\$40,635</u>	<u>\$460,635</u>

<u>Fiscal Years</u>	<u>General Long-Term Obligations</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$3,315,000	\$ 2,224,717	\$ 5,539,717
2006	3,775,000	2,045,553	5,820,553
2007	3,930,000	1,886,493	5,816,493
2008	3,850,000	1,717,508	5,567,508
2009	3,685,000	1,553,215	5,238,215
2010 - 2014	15,375,000	5,407,349	20,782,349
2015 - 2019	9,905,000	3,070,478	12,975,478
2020 - 2024	6,984,083	1,235,731	8,219,814
2025 - 2029	<u>2,120,000</u>	<u>209,782</u>	<u>2,329,782</u>
	<u>\$52,939,083</u>	<u>\$19,350,826</u>	<u>\$72,289,909</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2004

Note 7 Long Term Debt - (Concluded)

Bonds payable at December 31, 2004, are comprised of the following individual issues:

Water or Sewer Projects	Interest Rates (%)	Date of Issue
<u>Enterprise Fund:</u>		
South County Water Supply System #1, 1995 Improvements	4.75 - 4.875	07-01-95
General Long-Term Obligations:		
Ash Twp. Water Supply System #1	2.3 - 4.1	01-12-03
Bedford Twp. Sewage Disposal System #2	5.0 - 6.5	09-01-76
Bedford Twp. Sewage Disposal System #4	2.0	06-25-92
Berlin Twp. Water System #2	5.8 - 6.0	05-23-00
Berlin Twp. Sewer System #2	5.8 - 6.0	08-06-02
Carleton Sewage Disposal System #2	8.1 - 9.3	10-01-87
Carleton Sewage Disposal System #3	2.5	10-01-01
Dundee Sewage Disposal System #2	2.0	09-30-93
Dundee Sewage Disposal System #1 (Refunding)	4.1 - 6.2	07-26-94
Dundee Sewage Disposal System #3	3.8 - 5.0	06-08-04
Dundee Water Supply System #1(Refunding)	1.4 - 3.8	12-04-02
Dundee Water Supply System #2	4.0 - 5.0	03-22-01
Erie Township Water Supply System #1	5.0 - 5.5	05-04-00
Erie Township Water Supply System #2	5.0 - 5.5	05-14-02
Exeter - Raisinville Water Supply System #1	5.0 - 6	09-26-00
Frenchtown Twp. Water Supply System #1 (Refunding)	3.9 - 5.5	10-22-96
Frenchtown Twp. Water Supply System #2	3.1 - 5.3	08-24-04
Ida Water System #1 (Series 2004)	2.0 4.9	07-13-04
Ida-Raisinville Sewage Disposal System #1 (Refunding)	3.0 - 5.4	12-01-93
LaSalle Township Sewer System #1 (Refunding)	3.85 - 6	09-15-95
London Twp. Sewer System #1 (Refunding)	5.25	10-01-93
City of Petersburg Water Supply System #1	2.5	03-05-03
Raisinville Water Supply System #5	6.78	07-31-90
Raisinville Water Supply System #15 & 16	4.75 - 5.3	11-02-00
South Rockwood Water Supply System #2	2.50	09-26-02
Maybee/Raisinville/Exeter/London Extension	5.0 - 7.5	05-06-97

<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Principal Retired</u>	<u>Principal Outstanding</u>
2007	<u>\$1,400,000</u>	<u>\$980,000</u>	<u>\$420,000</u>
	<u>\$1,400,000</u>	<u>\$980,000</u>	<u>\$420,000</u>
2017	\$3,000,000	\$155,000	\$2,845,000
2008	5,340,000	4,490,000	850,000
2012	6,487,177	3,587,177	2,900,000
2025	2,075,000	135,000	1,940,000
2027	1,800,000	65,000	1,735,000
2004	640,000	640,000	0
2021	5,330,000	550,000	4,780,000
2014	1,650,000	740,000	910,000
2009	2,150,000	1,210,000	940,000
2024	5,000,000	0	5,000,000
2011	1,085,000	140,000	945,000
2026	3,500,000	150,000	3,350,000
2014	2,280,000	580,000	1,700,000
2014	1,630,000	150,000	1,480,000
2020	2,285,000	360,000	1,925,000
2012	9,720,000	2,715,000	7,005,000
2029	3,215,000	0	3,215,000
2023	2,155,000	0	2,155,000
2012	2,270,000	1,665,000	605,000
2015	845,000	195,000	650,000
2008	180,000	120,000	60,000
2024	2,684,083	105,000	2,579,083
2010	705,000	565,000	140,000
2020	2,755,000	435,000	2,320,000
2023	1,530,000	60,000	1,470,000
2016	<u>2,595,000</u>	<u>1,155,000</u>	<u>1,440,000</u>
	<u>\$72,906,260</u>	<u>\$19,967,177</u>	<u>\$52,939,083</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

Note 8 **Financing of the County Agency Administrative Fund**

In action taken to establish the County Agency at its August 19, 1968 session, the Monroe County Board of Supervisors stated that all administrative costs are to be borne by projects being constructed for local units of government under contract with the County and that no County general funds are to be used to support the County Agency.

Therefore, because of the need for operating capital, the Monroe County Drain Commissioner, as County Agency, established a system of fees for services provided to the various projects. During 2004 these fees were as follows:

Administrative Fee
Utility Billing Charges
Debt Service Fees
Utility Labor and Fringe Benefits
Drain Labor and Fringe Benefits
Equipment Rental

Administrative Fee

The Administrative Fee is charged to the various construction projects and utility operations to cover the cost of the County Agency's administration overhead activity. This activity consists primarily of providing an office staff with its related expenses.

Utility Billing Charges

The County Agency provides a billing service for utilities and charges a separate fee to cover all costs of billing. The fees charged in 2004 were as follows:

Village of Maybee	- \$60 bi-monthly plus \$1.08 per bill
London Township	- \$60 per annum plus \$1.08 per bill
Ida Township	- \$20 per month plus \$1.08 per bill
Raisinville Township	- \$10 per month plus \$1.08 per bill
LaSalle Township	- \$20 per month plus \$1.08 per bill

Debt Service Fees

The County of Monroe, under Act 342 P.A.1939, as amended, has issued its general obligation bonds to finance the various water and sewer construction projects for which it is engaged. Under its contracts with the local units of government the local unit is to provide moneys for the retirement of this debt upon the bond and interest due dates. Thus, the County Agency is acting as an intermediary between the local unit of government and the paying agent. For this service, which includes the processing and tabulating of all debt retirement records, the County Agency charges a \$50.00 fee to be collected on each debt retirement due date.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2004

Note 8 **Financing of the County Agency Administrative Fund (Concluded)**

Utility Labor and Fringe Benefits

During 2004, the County Agency engaged in the operation and maintenance of the following utility systems: South County Water System, Bedford Sewage Disposal System, LaSalle Sewage Disposal System, Maybee Sewage Disposal System, Ida-Raisinville Sewage Disposal System, South Rockwood Sewage Disposal System and Whiteford Sewage Disposal System.

County Agency personnel are used in the operation and maintenance of these systems. The charge to the utility for the use of County Agency personnel is direct labor plus fringe benefits.

Drain Labor and Fringe Benefits

County Agency personnel are used by the Monroe County Drain Commissioner for maintenance work on County drains. The charge to the Drain Commissioner is based on direct labor plus fringe benefits.

Equipment Rental

Various Administrative Fund vehicles and other items of equipment are used in utility operations and drain maintenance. The Administrative Fund charges a predetermined hourly or daily rate for this use.

Note 9 **Sewage Disposal Systems - Fixed Assets and Long-Term Debt**

The financial statements for the various Sewage Disposal Systems do not include the cost of the System and the related long-term debt. The fixed assets reflected in the financial statements are those that have been acquired during operation and maintenance by the County Agency.

The cost of the Systems and the related long-term debt are to be recorded in the local unit's financial statements.

Note 10 **Operation and Maintenance Fees**

During 2004, the County Agency engaged in the operation and maintenance of sewage disposal systems for Bedford Township, Ida Township, Raisinville Township, LaSalle Township, the Village of Maybee, Village of South Rockwood, and Whiteford Township.

The operation and maintenance fees are payments by the local units to reimburse for operation and maintenance expenses.

Note 11 **Fixed Asset Contributions**

For the Bedford Township, Ida-Raisinville Townships, LaSalle Township and Whiteford Township Sewage Disposal Systems the local units contributed toward each system's fixed asset additions. The accumulated balance of these contributions are reflected as "Net assets - restricted for fixed asset replacement" on each system's financial statements.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2004

Note 12 **Sewage Disposal Systems - Operating Expenses**

The various Sewage Disposal System Funds are internal service funds and reflect only operation and maintenance expense incurred by the County Agency. Expenses, including depreciation of the system and interest, incurred directly at the local unit of government level are not reflected in these statements.

Note 13 **South County Water System
Background Information**

The South County Water System is the result of a contract dated May 15, 1969, between the County of Monroe, Bedford Township, Erie Township, LaSalle Township, and the City of Luna Pier. Pursuant to Act 342, P.A. of 1939, as amended, this contract was used to establish a county system of water supply improvements and facilities to serve Bedford Township, Erie Township, LaSalle Township, and the City of Luna Pier.

This system is to be known as "Monroe County Water Supply System (South County System No. 1)." The County of Monroe, in this contract, designated the Monroe County Drain Commissioner as the County Agency for the system with all powers and duties with respect thereto as are provided by Act 342.

The South County Water System includes all water supply mains and other facilities now or hereafter constructed or installed, by any of the parties to the aforementioned contract, within the corporate boundaries of any of the Townships or the City. This includes the transmission mains, reservoirs and elevated tanks constructed under the three phases mentioned in this contract dated May 15, 1969, and the water distribution mains constructed by the County, under separate contracts with respective Townships and the City.

Contract Payable - 1995 Improvements

Pursuant to the contract amendment dated July 1, 1995, the County of Monroe issued \$1,400,000 County of Monroe General Obligation Bonds to finance renovation of the Lewis Avenue Pumping Station, construction of pressure regulating station on Lavoy Road, closure of water loops in transmission lines in various locations and construction of water lines on Lotus Drive, in Erie Township.

Each of the Townships and the City has pledged its full faith and credit to provide for the timely retirement of this debt, should the net revenues of the system be insufficient to provide debt retirement moneys. A schedule of remaining debt retirement requirements is in Note 6.

Water Rate Increases

Effective July 1, 1977, water rates were restructured to include a separate basic service charge which is to be set aside to provide funds for fixed obligations, primarily bond principal. As basic service charge revenues exceed annual debt requirements, moneys will be used for system improvements. Effective April 1, 2000, the water consumption charge was increased from \$2.31 to \$2.72 per 1,000 gallons, resulting in minimum quarterly charges ranging from \$33.63 to \$1,404.30, depending on meter size.

Purchased Water

The South County Water System is currently dependent upon the City of Toledo, Ohio, for its only source of water. In an agreement dated October 17, 1969, between the City of Toledo, Ohio, and the County of Monroe, Michigan, the City of Toledo agreed to supply the South County Water System with water (not to exceed 7,300 gallons per minute) for a 40 year term.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2004

Note 13 South County Water System (Concluded)

Vehicle Fund - Restricted Assets

The Board has decided to set aside funds for the purchase of equipment. At December 31, 2004, the balance of \$151,900 had been restricted.

System Capital Fund - Restricted Assets

The Board has decided to set aside funds for system improvements. The balance of \$5,430,600 has been restricted at December 31, 2004.

Building Fund - Restricted Assets

The Board has decided to appropriate funds from the system capital fund to set aside funds for buildings and building improvements. The balance of \$540,200 has been restricted at December 31, 2004.

Summary of Changes in Fixed Assets

Following is a summary of changes in fixed assets for the South County Water System:

	Balance December 31, 2003	Additions	Deletions	Balance December 31, 2004
Construction in process	\$ 333,336	\$ 539,045	\$400,924	\$ 471,457
Land and rights of way	172,557	-	-	172,557
Utility plant in service	23,914,751	400,924	-	24,315,675
Building and building improvements	390,871	-	-	390,871
Equipment	231,794	30,989	47,952	214,831
Vehicles	<u>310,768</u>	<u>30,821</u>	<u>20,490</u>	<u>321,099</u>
	<u>\$25,354,077</u>	<u>\$1,001,779</u>	<u>\$469,366</u>	<u>\$25,886,490</u>
Accumulated Depreciation	<u>\$ 7,924,564</u>	<u>\$ 470,050</u>	<u>\$ 68,443</u>	<u>\$ 8,326,171</u>

Note 14 Pension Commitment

Employees of the Monroe County Drain Commissioner, County Agency are participants in the Monroe County Employees Retirement System. The County has a defined benefit pension plan covering substantially all its employees. The plan is operated by the County of Monroe. The County's policy is to fund current pension costs as they are accrued. The County Agency's pension expense for 2004 was zero.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2004

Note 14 **Pension Commitment** (Concluded)

Periodic employer contributions to the pension plan are determined on an actuarial basis using an entry age actuarial funding method. Normal cost is funded on a current basis. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 18 years. The funding strategy is designed to accumulate sufficient assets to pay benefits when due.

Additional significant information regarding the Monroe County Employees Retirement System pension plan and pension trust fund investments are included in the actuarial report.

Effective December 31, 2002, pension information was available for County Agency as a component unit.

Three Year Trend Information	<u>County as a Whole</u>			2001 County Agency Only	2002 County Agency Only	2003 County Agency Only
	<u>Valuation Ended December 31,</u>					
	<u>2001</u>	<u>2002</u>	<u>2003</u>			
Annual pension cost	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Percentage of APC contributed	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Net pension obligation	-					
Actuarial value of assets	150,304,504	148,404,995	162,683,115	5,328,480	5,271,684	5,777,211
Actuarial accrued liability (entry age)	116,359,159	125,652,447	139,141,015	4,328,973	4,199,671	4,597,181
Unfunded (Overfunded) AAL	(33,945,345)	(22,752,548)	(23,542,100)	(999,507)	(1,072,013)	(1,180,030)
Funded ratio	129.2%	118.1%	116.9%	123.1%	125.5%	125.7%
Covered payroll	35,250,392	35,895,185	37,862,618	1,262,886	1,121,301	1,184,495
UAAL as a percentage of covered payroll	(96.3)%	(63.4)%	(62.2)%	(79.1)%	(95.6)%	(99.6)%

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2004

Note 15 **Post Employment Benefits**

The County provides certain post employment health care benefits and a \$4,000 term life insurance policy, in accordance with labor contracts and personnel policy, to all employees who retire from the County. The County shall provide retirees who are receiving benefits from its retirement plan medical insurance coverage. To qualify, an individual must be employed by the County at the time of retirement. When the retired employee attains the age of sixty-five years, the County's contribution shall be supplementary to Medicare Part B. The County also is required to provide certain medical insurance coverage for the retiree's spouse and dependent children.

Note 16 **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Internal Service Funds and the Enterprise Funds considers cash (including restricted assets), certificates of deposit, and cash with fiscal agent to be cash and cash equivalents.

Note 17 **Risk Management**

The County Agency is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The County Agency has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

Note 18 **Change in Accounting Principles**

As of and for the year ended December 31, 2002, the County Agency implemented the following Governmental Accounting Standards Board Pronouncements to facilitate the reporting of its primary government, The County of Monroe, Michigan.

Statements

- No. 33 - Accounting and Financial Reporting for Nonexchange Transactions
- No. 34 - Basic Financial Statements and Management Discussion and Analysis
for State and Local Governments
- No. 36 - Recipient Reporting for Certain Shared Nonexchange Revenues - An Amendment of
GASB No. 33
- No. 37 - Basic Financial Statements and Management Discussion and Analysis - for State and Local
Governments; Omnibus
- No. 38 - Certain Financial Statement Note Disclosures

The above pronouncements are all related to the new financial reporting requirements for all state and local governments. These pronouncements are scheduled for a phased implementation (based on the size of the government) through fiscal years ending in 2005. The County Agency was required to implement the new requirements no later than the fiscal year ending June 30, 2002.

MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2004

Note 18 Change in Accounting Principles (Concluded)

The more significant of the changes required by the new standards include:

Basic financial statements that include:

Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting;

Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds and enterprise funds;

Notes to the basic financial statements

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2004

	Ash Township	Bedford Township	Berlin Township	Village of Carlton	Village of Dundee	Erie Township	Exeter Township
ASSETS							
Cash	\$596	\$1,748	\$1,436	\$938	\$2,008	\$1,155	\$705
Certificates of deposit	0	0	0	0	112,544	0	0
Due from local units	0	0	0	0	0	0	0
Total Assets	\$596	\$1,748	\$1,436	\$938	\$114,552	\$1,155	\$705
LIABILITIES							
Accounts payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retainage payable	0	0	0	0	0	0	0
Total Liabilities	0	0	0	0	0	0	0
FUND BALANCE							
Reserved for debt service	596	1,748	1,436	938	114,552	1,155	705
Reserved for capital projects	0	0	0	0	0	0	0
Total Fund Balance	596	1,748	1,436	938	114,552	1,155	705
Total Liabilities and Fund Balance	\$596	\$1,748	\$1,436	\$938	\$114,552	\$1,155	\$705

See accompanying notes to the basic financial statements

Nonmajor Debt Service Funds							
Ida Township	Raisinville and Ida Township	LaSalle Township	London Township	Raisinville Township	Maybee/Raisinville/Exeter/London	Village of South Rockwood	City of Petersburg
\$730	\$54	\$460	\$106	\$894	\$2,231	\$79	\$4,103
0	10,831	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>\$730</u>	<u>\$10,885</u>	<u>\$460</u>	<u>\$106</u>	<u>\$894</u>	<u>\$2,231</u>	<u>\$79</u>	<u>\$4,103</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
730	10,885	460	106	894	2,231	79	4,103
0	0	0	0	0	0	0	0
730	10,885	460	106	894	2,231	79	4,103
<u>\$730</u>	<u>\$10,885</u>	<u>\$460</u>	<u>\$106</u>	<u>\$894</u>	<u>\$2,231</u>	<u>\$79</u>	<u>\$4,103</u>

Nonmajor Capital Projects

Ash Township Water #1	Bedford Township Sewer #4	Bedford Douglas & Sterns Ext	Bedford Summerfield Water	Bedford Temperance Water	Berlin Township Sewer #2	Village of Duane Water #2	City of Petersburg Water #1 Construction	South Rockwood Water #2 Construction	Total Nonmajor Governmental Funds
\$157,498	\$495	\$2	\$76	\$329	\$0	\$0	\$2,905	\$109	\$178,657
0	0	0	0	0	0	0	0	0	123,375
0	55	0	148	55	0	10,838	0	0	11,096
<u>\$157,498</u>	<u>\$550</u>	<u>\$2</u>	<u>\$224</u>	<u>\$384</u>	<u>\$0</u>	<u>\$10,838</u>	<u>\$2,905</u>	<u>\$109</u>	<u>\$313,128</u>
\$940	\$55	\$0	\$148	\$55	\$0	\$0	\$498	\$37	\$1,733
10,701	0	0	0	0	0	10,838	0	0	21,539
11,641	55	0	148	55	0	10,838	498	37	23,272
0	0	0	0	0	0	0	0	0	140,618
145,857	495	2	76	329	0	0	2,407	72	149,238
145,857	495	2	76	329	0	0	2,407	72	289,856
<u>\$157,498</u>	<u>\$550</u>	<u>\$2</u>	<u>\$224</u>	<u>\$384</u>	<u>\$0</u>	<u>\$10,838</u>	<u>\$2,905</u>	<u>\$109</u>	<u>\$313,128</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2004**

	Ash Township	Bedford Township	Berlin Township	Village of Carlton	Village of Dundee	Erie Township	Exeter Township
Revenues							
Local unit contributions	\$256,033	\$628,951	\$278,251	\$424,333	\$710,788	\$410,230	\$223,760
Interest income and other	525	1,508	547	546	2,062	272	209
Total Revenues	256,558	630,459	278,798	424,879	712,850	410,502	223,969
Expenditures							
Debt Service:							
Bond principal	155,000	510,000	80,000	295,000	435,000	250,000	120,000
Interest and paying agent fees	100,848	119,212	197,906	129,013	387,157	159,885	103,600
Bond redemption premium	0	0	0	0	0	0	0
Administrative and audit fees	270	540	540	540	1,190	540	270
Construction contracts	0	0	0	0	0	0	0
Engineering and other	0	0	0	0	0	0	0
Total Expenditures	256,118	629,752	278,446	424,553	823,347	410,425	223,870
Excess (Deficiency) of Revenues over Expenditures	440	707	352	326	(110,497)	77	99
Other Financing Sources (Uses)							
Bond proceeds	0	0	0	0	0	0	0
Accrued and capitalized interest	0	0	0	0	222,923	0	0
Refunds to governmental units	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	222,923	0	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	440	707	352	326	112,426	77	99
Fund Balances - Beginning of Year	156	1,041	1,084	612	2,126	1,078	606
Fund Balances - End of Year	\$596	\$1,748	\$1,436	\$938	\$114,552	\$1,155	\$705

See accompanying notes to the basic financial statements

DEBIT BALANCES

Nonmajor Debt Service Funds							
Ida Township	Ida Township	LaSalle Township	London Township	Raisinville Township	Maybee/Raisinville/Exeter/London	Village of South Rockwood	City of Petersburg
\$233,207	\$0	\$89,185	\$18,900	\$276,539	\$407,148	\$97,772	\$172,864
304	134	220	18	465	1,934	106	165
233,511	134	89,405	18,918	277,004	409,082	97,878	173,029
190,000	0	50,000	15,000	145,000	315,000	60,000	105,000
42,195	0	39,025	3,544	131,020	90,938	37,612	63,761
0	0	0	0	0	900	0	0
270	0	270	325	540	325	270	270
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
232,465	0	89,295	18,869	276,560	407,163	97,882	169,031
46	134	110	49	444	1,919	(4)	3,998
0	0	0	0	0	0	0	0
0	10,751	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	10,751	0	0	0	0	0	0
46	10,885	110	49	444	1,919	(4)	3,998
684	0	350	57	450	312	83	105
\$730	\$10,885	\$460	\$106	\$894	\$2,231	\$79	\$4,103

Nonmajor Capital Projects									
Ash Township Water #1	Bedford Township Sewer #4	Bedford Douglas & Sterns Ext	Bedford Summerfield Water	Bedford Temperance Water	Berlin Township Sewer #2	Village of Dundee Water #2	City of Petersburg Water #1 Construction	South Rockwood Water #2 Construction	Total Nonmajor Governmental Funds
\$0	\$13,831	\$161,507	\$103,258	\$78,594	\$0	\$0	\$0	\$5,751	\$4,589,902
1,809	214	31	26	30	77	0	119	10	11,331
1,809	14,045	161,538	103,284	78,624	77	0	119	5,761	4,601,233
0	0	0	0	0	0	0	0	0	2,725,000
0	0	0	0	0	0	0	0	0	1,605,716
0	0	0	0	0	0	0	0	0	900
0	0	0	0	0	0	0	0	0	6,160
51,992	0	147,420	61,283	59,774	0	0	149,969	0	470,438
18,927	79,999	14,695	42,099	18,927	617	0	23,946	5,918	205,128
70,919	79,999	162,115	103,382	78,701	617	0	173,915	5,918	5,013,342
(69,110)	(65,954)	(577)	(98)	(77)	(540)	0	(173,796)	(157)	(412,109)
0	0	0	0	0	0	0	170,510	0	170,510
0	0	0	0	0	0	0	0	0	233,674
0	0	0	0	0	(1,256)	0	0	0	(1,256)
0	0	0	0	0	(1,256)	0	170,510	0	402,928
(69,110)	(65,954)	(577)	(98)	(77)	(1,796)	0	(3,286)	(157)	(9,181)
214,967	66,449	579	174	406	1,796	0	5,693	229	299,037
\$145,857	\$495	\$2	\$76	\$329	\$0	\$0	\$2,407	\$72	\$289,856

OTHER SUPPLEMENTARY INFORMATION

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

CAPITAL PROJECTS FUNDS

PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS

Beginning of Projects to December 31, 2004

	Ash Township Sewer #1	Bedford Township Sewer #4	Bedford Douglas Rd Extensions
Revenues and Other Financing Sources:			
Federal grants	\$0	\$6,227,178	\$0
State grants	0	0	0
Local unit contributions	149,489	307,731	1,036,135
Interest and other	16,567	151,972	1,010
Bond proceeds	3,006,540	0	0
Operating transfers in	0	319,585	0
	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	3,172,596	7,006,466	1,037,145
Expenditures Capital Projects:			
Construction contracts	2,601,079	5,370,771	730,896
Engineering and other	419,120	1,634,700	306,247
Accrued and capitalized interest	6,540	0	0
Bond issuance costs	0	0	0
Operating transfers out and refunds	0	500	0
	<hr/>	<hr/>	<hr/>
Total Expenditures Capital Projects	3,026,739	7,005,971	1,037,143
	<hr/>	<hr/>	<hr/>
Fund Balances - December 31, 2004	<u>\$145,857</u>	<u>\$495</u>	<u>\$2</u>

Bedford Summerfield Water	Bedford Temperance Water	Berlin Township Sewer #2	Village of Dundee Water #2	Village of Dundee Sewer #3	Frenchtown Township Water #2
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
972,216	304,001	296,643	0	628,141	0
697	457	9,080	50,263	25,399	10,205
0	0	1,786,607	3,465,000	4,972,911	3,191,962
0	0	0	61,307	0	0
972,913	304,458	2,092,330	3,576,570	5,626,451	3,202,167
796,628	248,296	1,930,100	3,163,088	2,069,253	1,178,643
176,209	55,833	156,367	413,482	493,748	158,886
0	0	0	0	222,923	9,112
0	0	0	0	57,208	47,414
0	0	5,863	0	0	0
972,837	304,129	2,092,330	3,576,570	2,843,132	1,394,055
\$76	\$329	\$0	\$0	\$2,783,319	\$1,808,112

Ida Township Water #1	City of Petersburg Water #1	South Rockwood Water #2
\$0	\$0	\$0
0	0	0
462,124	0	149,028
10,057	5,811	338
2,165,751	2,684,083	1,530,000
0	0	0
2,637,932	2,689,894	1,679,366
1,504,859	2,059,523	1,413,628
604,702	627,964	265,666
10,751	0	0
44,819	0	0
0	0	0
2,165,131	2,687,487	1,679,294
<u>\$472,801</u>	<u>\$2,407</u>	<u>\$72</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS

December 31, 2004

	Administrative Fund	Bedford Sewage Disposal System	Ida-Raisinville Sewage Disposal System
ASSETS			
Current Assets			
Cash	\$438,340	\$564,144	\$37,129
Certificates of deposit	625,000	650,000	0
Petty cash	300	20	0
Accounts receivable	23,130	0	0
Due from other funds	230,581	7,201	6
Container deposits	0	1,500	0
Total Current Assets	1,317,351	1,222,865	37,135
Restricted Assets - Fixed Asset Replacement			
Cash and certificates of deposit	0	3,727,535	12,012
Fixed Assets			
Building and building improvements	0	208,821	0
Equipment	93,041	97,799	0
Vehicles	370,833	73,307	0
	463,874	379,927	0
Less: Allowance for depreciation	404,308	343,542	0
Net Fixed Assets	59,566	36,385	0
Total Assets	<u>\$1,376,917</u>	<u>\$4,986,785</u>	<u>\$49,147</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable and accrued expenses	\$28,164	\$70,338	\$1,533
Due to other funds	128	98,568	18,796
Accrued payroll	40,380	0	0
Accrued compensated absences	89,392	0	0
Total Current Liabilities	158,064	168,906	20,329
Other Credits			
Deferred revenue	204,231	0	0
NET ASSETS			
Invested in capital assets (net of debt)	59,566	36,385	0
Restricted for fixed asset replacement	0	3,727,535	12,012
Unrestricted	955,056	1,053,959	16,806
Total Net Assets	1,014,622	4,817,879	28,818
Total Liabilities and Net assets	<u>\$1,376,917</u>	<u>\$4,986,785</u>	<u>\$49,147</u>

<u>LaSalle Sewage Disposal System</u>	<u>Maybee Sewage Disposal System</u>	<u>South Rockwood Sewage Disposal System</u>	<u>Whiteford Sewage Disposal System</u>	<u>Totals</u>
\$31,248	\$17,207	\$16,109	\$22,001	\$1,126,178
0	0	0	0	1,275,000
0	0	0	0	320
0	0	0	0	23,130
1	2	0	0	237,791
0	0	0	0	1,500
31,249	17,209	16,109	22,001	2,663,919
4,471	0	0	14,356	3,758,374
0	0	0	0	208,821
0	0	0	0	190,840
0	0	0	0	444,140
0	0	0	0	843,801
0	0	0	0	747,850
0	0	0	0	95,951
<u>\$35,720</u>	<u>\$17,209</u>	<u>\$16,109</u>	<u>\$36,357</u>	<u>\$6,518,244</u>
\$110	\$570	\$1,178	\$75	\$101,968
10,774	11,934	2,499	3,647	146,346
0	0	0	0	40,380
0	0	0	0	89,392
10,884	12,504	3,677	3,722	378,086
0	0	0	0	204,231
0	0	0	0	95,951
4,471	0	0	14,356	3,758,374
20,365	4,705	12,432	18,279	2,081,602
24,836	4,705	12,432	32,635	5,935,927
<u>\$35,720</u>	<u>\$17,209</u>	<u>\$16,109</u>	<u>\$36,357</u>	<u>\$6,518,244</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2004

	<u>Administrative Fund</u>	<u>Bedford Sewage Disposal System</u>	<u>Ida-Raisinville Sewage Disposal System</u>
Operating Revenues			
Administrative fees	\$188,427	\$0	\$0
Utility labor and fringe benefits	2,023,890	0	0
Drain labor and fringe benefits	14,089	0	0
Operation and maintenance fee	0	1,619,317	46,682
Tap inspection fee	0	6,050	0
Utility billing charges	8,970	0	0
Debt service fees	3,040	0	0
Equipment rental	123,071	0	0
Other revenues	5,655	0	114
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	2,367,142	1,625,367	46,796
Operating Expenses			
Wages and fringe benefits:			
Sewage disposal system	0	616,756	11,981
Administrative overhead department	196,372	0	0
Utility labor department	1,969,152	0	0
Other operating expenses	115,179	937,292	37,910
Depreciation	32,130	20,230	0
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	2,312,833	1,574,278	49,891
	<hr/>	<hr/>	<hr/>
Operating Income (Loss)	54,309	51,089	(3,095)
Non-Operating Revenues (Expenses)			
Interest income	13,856	18,207	135
Gain (loss) on sale of fixed assets	0	0	0
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues	13,856	18,207	135
	<hr/>	<hr/>	<hr/>
Net Income (Loss)	68,165	69,296	(2,960)
Contributions and Interest on Net Assets Reserved for Fixed Asset Replacement	0	240,361	801
	<hr/>	<hr/>	<hr/>
Net Increase (Decrease) in Net Assets	68,165	309,657	(2,159)
Net Assets - Beginning of Year	946,457	4,508,222	30,977
	<hr/>	<hr/>	<hr/>
Net Assets - End of Year	<u>\$1,014,622</u>	<u>\$4,817,879</u>	<u>\$28,818</u>

<u>LaSalle Sewage Disposal System</u>	<u>Maybee Sewage Disposal System</u>	<u>South Rockwood Sewage Disposal System</u>	<u>Whiteford Sewage Disposal System</u>	<u>Totals</u>
\$0	\$0	\$0	\$0	\$188,427
0	0	0	0	2,023,890
0	0	0	0	14,089
27,715	46,548	39,447	22,682	1,802,391
0	0	0	0	6,050
0	0	0	0	8,970
0	0	0	0	3,040
0	0	0	0	123,071
0	0	0	0	5,769
27,715	46,548	39,447	22,682	4,175,697
3,249	23,029	17,891	2,460	675,366
0	0	0	0	196,372
0	0	0	0	1,969,152
11,531	25,300	20,400	18,522	1,166,134
0	0	0	0	52,360
14,780	48,329	38,291	20,982	4,059,384
12,935	(1,781)	1,156	1,700	116,313
62	85	77	92	32,514
0	0	0	0	0
62	85	77	92	32,514
12,997	(1,696)	1,233	1,792	148,827
1,815	0	0	1,685	244,662
14,812	(1,696)	1,233	3,477	393,489
10,024	6,401	11,199	29,158	5,542,438
<u>\$24,836</u>	<u>\$4,705</u>	<u>\$12,432</u>	<u>\$32,635</u>	<u>\$5,935,927</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

INTERNAL SERVICE FUND

COMBINING STATEMENT OF CHANGES IN NET ASSETS RESERVED FOR FIXED ASSET REPLACEMENT

For the Years Ended December 31, 2004 and 2003

	2004		
	Bedford Sewage Disposal System	Ida-Raisinville Sewage Disposal System	LaSalle Sewage Disposal System
Opening Balance	\$3,516,476	\$11,211	\$2,656
Additions:			
Contributions	189,072	640	1,772
Interest Income	51,289	161	43
Transfers from Retained earnings - unreserved	0	0	0
	240,361	801	1,815
Deductions:			
Expenditures	29,302	0	0
	\$3,727,535	\$12,012	\$4,471
Closing Balance			\$14,356
			\$3,758,374

	2003		
	Bedford Sewage Disposal System	Ida-Raisinville Sewage Disposal System	LaSalle Sewage Disposal System
Opening Balance	\$3,315,000	\$10,457	\$884
Additions:			
Contributions	189,072	640	1,772
Interest Income	37,265	114	0
Transfers from Retained earnings - unreserved	0	0	0
	226,337	754	1,772
Deductions:			
Expenditures	24,861	0	0
	\$3,516,476	\$11,211	\$2,656
Closing Balance			\$12,671
			\$3,543,014

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2004
Increase (Decrease) in Cash and Certificates of Deposit

	<u>Administrative Fund</u>	<u>Bedford Sewage Disposal System</u>	<u>Ida-Raisinville Sewage Disposal System</u>
Cash Flows from Operating Activities:			
Cash paid to suppliers	(\$133,013)	(\$922,115)	(\$37,917)
Cash paid to employees	(2,199,848)	(616,756)	(11,981)
Cash received for internal services used	2,383,104	1,618,166	46,796
Net Cash Provided (Used) by Operating Activities	50,243	79,295	(3,102)
Cash Flows from Capital and Related Financing Activities:			
Capital contributed by local unit	0	189,072	640
Acquisition of fixed assets	(39,123)	0	0
Proceeds from sale of fixed assets	0	0	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(39,123)	189,072	640
Cash Flows from Investing Activities:			
Interest earned on cash investments	13,856	69,496	296
Net increase in cash and cash equivalents	24,976	337,863	(2,166)
Cash and cash equivalents at beginning of year	1,038,664	4,603,836	51,307
Cash and cash equivalents at end of year	<u>\$1,063,640</u>	<u>\$4,941,699</u>	<u>\$49,141</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$54,309	\$51,089	(\$3,095)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	32,130	20,230	0
Changes in assets and liabilities			
Receivables	3,735	0	0
Due from other funds	(16,673)	(7,201)	(6)
Accounts payable	(17,430)	10,560	1,230
Due to other funds	(276)	4,617	(1,231)
Accrued payroll and compensated absences	(34,324)	0	0
Deferred revenue	28,772	0	0
Total adjustments	<u>(4,066)</u>	<u>28,206</u>	<u>(7)</u>
Net Cash Provided by Operating Activities	<u>\$50,243</u>	<u>\$79,295</u>	<u>(\$3,102)</u>

LaSalle Sewage Disposal System	Maybee Sewage Disposal System	South Rockwood Sewage Disposal System	Whiteford Sewage Disposal System	Totals
(\$11,321)	(\$26,056)	(\$18,950)	(\$17,938)	(\$1,167,310)
(3,249)	(23,029)	(\$17,891)	(2,460)	(2,875,214)
27,715	46,548	\$39,447	22,682	4,184,458
13,145	(2,537)	2,606	2,284	141,934
1,772	0	0	1,500	192,984
0	0	0	0	(39,123)
0	0	0	0	0
1,772	0	0	1,500	153,861
105	85	77	277	84,192
15,022	(2,452)	2,683	4,061	379,987
20,697	19,659	13,426	32,296	5,779,885
<u>\$35,719</u>	<u>\$17,207</u>	<u>\$16,109</u>	<u>\$36,357</u>	<u>\$6,159,872</u>
\$12,935	(\$1,781)	\$1,156	\$1,700	\$116,313
0	0	0	0	52,360
0	0	0	0	3,735
(1)	(2)	0	0	(23,883)
(363)	(2,592)	1,178	(798)	(8,215)
574	1,838	272	1,382	7,176
0	0	0	0	(34,324)
0	0	0	0	28,772
210	(756)	1,450	584	25,621
<u>\$13,145</u>	<u>(\$2,537)</u>	<u>\$2,606</u>	<u>\$2,284</u>	<u>\$141,934</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

ADMINISTRATIVE FUND

STATEMENT OF NET ASSETS

ASSETS

	December 31,	
	2004	2003
Current Assets		
Cash	\$438,340	\$488,364
Certificates of deposit	625,000	550,000
Petty cash	300	300
Accounts receivable	23,130	26,865
Due from other funds	230,581	213,908
Total Current Assets	1,317,351	1,279,437
Fixed Assets		
Administrative office equipment	71,507	92,996
Administrative vehicles	29,685	29,685
Inspection equipment	21,534	21,534
Inspection vehicles	341,148	318,993
	463,874	463,208
Less: Allowance for depreciation	404,308	410,635
Net Fixed Assets	59,566	52,573
Total Assets	<u>\$1,376,917</u>	<u>\$1,332,010</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$28,164	\$45,594
Due to other funds	128	404
Accrued payroll	40,380	77,008
Accrued compensated absences	89,392	87,088
Total Current Liabilities	158,064	210,094
Other Credits		
Deferred revenue	204,231	175,459
Net Assets		
Invested in capital assets	59,566	52,573
Unrestricted	955,056	893,884
Total Net Assets	1,014,622	946,457
Total Liabilities and Net Assets	<u>\$1,376,917</u>	<u>\$1,332,010</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**
ADMINISTRATIVE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2004 and 2003

	2004			2003		
	Administrative Overhead Dept.	Inspection Expense and Utility Labor Dept.	Totals	Administrative Overhead Dept.	Inspection Expense and Utility Labor Dept.	Totals
Operating Revenue						
Administrative fees	\$188,427	\$0	\$188,427	\$173,222	\$0	\$173,222
Utility labor and fringe benefits	0	2,023,890	2,023,890	0	1,900,646	1,900,646
Drain labor and fringe benefits	0	14,089	14,089	0	16,367	16,367
Utility billing charges	8,970	0	8,970	8,887	0	8,887
Debt service fees	3,040	0	3,040	2,350	0	2,350
Equipment rental	0	123,071	123,071	0	127,343	127,343
Other revenue	1,498	4,157	5,655	1,149	2,926	4,075
Total Operating Revenues	201,935	2,165,207	2,367,142	185,608	2,047,282	2,232,890
Operating Expenses						
Wages and fringe benefits	196,372	1,969,152	2,165,524	200,036	1,849,425	2,049,461
Other operating expenses	37,878	77,301	115,179	46,434	70,544	116,978
Depreciation	10,458	21,672	32,130	15,625	43,009	58,634
Total Operating Expenses	244,708	2,068,125	2,312,833	262,095	1,962,978	2,225,073
Net Operating Income (Loss)	(42,773)	97,082	54,309	(76,487)	84,304	7,817
Non-Operating Revenues (Expenses)						
Interest income	13,856	0	13,856	10,277	0	10,277
Gain (loss) on sale of fixed assets	0	0	0	3,400	0	3,400
Total Non-Operating Revenues (Expenses)	13,856	0	13,856	13,677	0	13,677
Net Income (Loss)	(\$28,917)	\$97,082	68,165	(\$62,810)	\$84,304	21,494
Net Assets - Beginning of Year			946,457			924,963
Net Assets - End of Year			\$1,014,622			\$946,457

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

ADMINISTRATIVE FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET AND ACTUAL

For the Years Ended December 31,

ADMINISTRATIVE OVERHEAD DEPARTMENT

	2004		Variance	2003
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating Revenues				
Administrative fees (Schedule A)	\$169,493	\$188,427	\$18,934	\$173,222
Utility billing charges	8,900	8,970	70	8,887
Debt service fees	2,500	3,040	540	2,350
Other revenue	20,300	1,498	(18,802)	1,149
Total Operating Revenues	201,193	201,935	742	185,608
Operating Expenses				
Wages and fringe benefits:				
Salaries	143,720	140,503	3,217	138,633
Payroll taxes	12,432	12,096	336	11,644
Hospitalization insurance	36,968	37,231	(263)	43,866
Optical and dental insurance	1,701	2,001	(300)	2,084
Life insurance and disability	2,906	2,759	147	2,920
Longevity pay	650	650	0	600
Compensated absences	0	1,132	(1,132)	289
	198,377	196,372	2,005	200,036
Other operating expenses:				
Training and conferences	500	336	164	885
Telephone	900	752	148	921
General supplies	7,000	5,737	1,263	9,021
County central service fee	25,671	8,979	16,692	5,830
Outside contracted services	6,000	3,151	2,849	6,508
Professional services	11,500	10,274	1,226	13,517
Insurance and bonds	3,106	3,720	(614)	3,052
Miscellaneous	6,104	4,929	1,175	6,700
	60,781	37,878	22,903	46,434
Depreciation	16,000	10,458	5,542	15,625
	76,781	48,336	28,445	62,059
Total Operating Expenses	275,158	244,708	30,450	262,095
Net Operating Income (Loss)	(73,965)	(42,773)	31,192	(76,487)
Non-Operating Revenues (Expenses)				
Interest income	10,000	13,856	3,856	10,277
Gain (loss) on sale of fixed assets	0	0	0	3,400
Total Non-Operating Revenues (Expenses)	10,000	13,856	3,856	13,677
Net Income (Loss)	(\$63,965)	(\$28,917)	\$35,048	(\$62,810)

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

ADMINISTRATIVE FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET AND ACTUAL

For the Years Ended December 31,

UTILITY LABOR DEPARTMENT

	2004		Variance	2003
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating Revenues				
Utility labor and fringe benefits (Schedule B)	\$1,919,326	\$2,023,890	\$104,564	\$1,900,646
Drain labor and fringe benefits	11,600	14,089	2,489	16,367
Equipment rental	130,000	123,071	(6,929)	127,343
Other revenue	5,500	4,157	(1,343)	2,926
Total Operating Revenues	2,066,426	2,165,207	98,781	2,047,282
Operating Expenses				
Wages and fringe benefits:				
Salaries and wages	1,076,292	1,119,062	(42,770)	1,098,939
Payroll taxes	109,753	118,789	(9,036)	113,675
Hospitalization insurance	404,288	425,132	(20,844)	386,395
Optical and dental insurance	19,105	19,813	(708)	17,746
Life insurance and disability	29,516	31,006	(1,490)	25,225
Pension contribution	0	0	0	0
Longevity pay	11,750	11,150	600	10,783
Compensated absences	205,418	244,200	(38,782)	196,662
	<u>1,856,122</u>	<u>1,969,152</u>	<u>(113,030)</u>	<u>1,849,425</u>
Other operating expenses:				
General supplies	0	0	0	140
Equipment/vehicle maintenance	13,000	10,216	2,784	12,866
Gas, oil and mileage	15,500	11,180	4,320	9,509
Outside contracted services	0	229	(229)	0
Insurance and bonds	45,500	52,166	(6,666)	44,275
Miscellaneous	100	3,510	(3,410)	3,754
	<u>74,100</u>	<u>77,301</u>	<u>(3,201)</u>	<u>70,544</u>
Depreciation	43,000	21,672	21,328	43,009
	<u>117,100</u>	<u>98,973</u>	<u>18,127</u>	<u>113,553</u>
Total Operating Expenses	1,973,222	2,068,125	(94,903)	1,962,978
Net Income (Loss)	\$93,204	\$97,082	\$3,878	\$84,304

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

ADMINISTRATIVE FUND

STATEMENT OF CASH FLOWS

For the Years Ended December 31,
Increase (Decrease) in Cash and Certificates of Deposit

	<u>2004</u>	<u>2003</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$133,013)	(\$77,949)
Cash paid to employees	(2,199,848)	(2,043,037)
Cash received for internal services used	2,383,104	2,312,409
Net Cash Provided (Used) by Operating Activities	50,243	191,423
Cash Flows from Capital and Related Financing Activities:		
Proceeds from the sale of assets	0	3,400
Acquisition of fixed assets	(39,123)	(3,520)
Net Cash Used for Capital and Related Financing Activities	(39,123)	(120)
Cash Flows from Investing Activities:		
Interest earned on cash investments	13,856	10,277
Net increase (decrease) in cash and cash equivalents	24,976	201,580
Cash and cash equivalents at beginning of year	1,038,664	837,084
Cash and cash equivalents at end of year	<u>\$1,063,640</u>	<u>\$1,038,664</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$54,309	\$7,817
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	32,130	58,634
Changes in assets and liabilities:		
Accounts receivable	3,735	(15,547)
Due from other funds	(16,673)	(16,304)
Accounts payable and accrued expenses	(17,430)	39,029
Due to other funds	(276)	0
Accrued payroll and compensated absences	(34,324)	6,424
Deferred revenue	28,772	111,370
Total adjustments	<u>(4,066)</u>	<u>183,606</u>
Net Cash Provided (Used) by Operating Activities	<u>\$50,243</u>	<u>\$191,423</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

ADMINISTRATIVE FUND

SCHEDULE OF ADMINISTRATIVE FEES EARNED

For the Year Ended December 31, 2004

Schedule A

Utility Operations

LaSalle Sewage Disposal System	\$2,288
South County Water System	72,000
Bedford Sewage Disposal System	51,000
Maybee Sewage Disposal System	3,843
South Rockwood Sewage Disposal System	3,257
Ida-Raisinville Sewage Disposal System	3,802
Whiteford Sewage Disposal System	1,873
	<u>138,063</u>

Construction

Bedford Douglas Road Extension	2,141
Bedford Summerfield Road Extension	3,831
Bedford Temperance Road Extension	1,198
Dundee Sewer System #3	16,373
Frenchtown Township Water System #3	19,868
Ida Township Water System #1	4,709
Other Administrative Fees	2,244
	<u>50,364</u>

Total Administrative Fees Earned	<u><u>\$188,427</u></u>
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SCHEDULE OF UTILITY LABOR AND FRINGE BENEFITS EARNED

Schedule B

Utility Operations

LaSalle Sewage Disposal System	\$3,490
South County Water System	1,071,066
Bedford Sewage Disposal System	786,790
Maybee Sewage Disposal System	23,029
South Rockwood Sewage Disposal System	21,325
Whiteford Sewage Disposal System	2,460
Ida-Raisinville Sewage Disposal System	15,933
	<u>1,924,093</u>

Projects

Storm Sewers	87,768
Monroe Parks and Recreation	1,472
Other Utility Labor and Fringe Benefits	10,557
	<u>99,797</u>

Total Utility Labor and Fringe Benefits Earned	<u><u>\$2,023,890</u></u>
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**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

BEDFORD SEWAGE DISPOSAL SYSTEM

STATEMENT OF NET ASSETS

ASSETS

	December 31,	
	2004	2003
Current Assets		
Cash	\$564,144	\$479,940
Certificates of deposit	650,000	607,400
Petty cash	20	20
Accounts receivable	0	0
Due from other funds	7,201	0
Container deposits	1,500	1,500
Total Current Assets	1,222,865	1,088,860
Restricted Assets - Fixed Asset Replacement		
Cash	1,135	2,776
Certificates of deposit	3,726,400	3,513,700
Total Restricted Assets	3,727,535	3,516,476
Property, Plant and Equipment		
Construction in progress	0	0
Building	208,821	208,821
Auxiliary equipment	97,799	107,027
Vehicles	73,307	75,582
	379,927	391,430
Less: Allowance for depreciation	343,542	334,815
Net Property, Plant and Equipment	36,385	56,615
Total Assets	<u>\$4,986,785</u>	<u>\$4,661,951</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$70,338	\$59,778
Due to other funds	98,568	93,951
Total Current Liabilities	168,906	153,729
Net Assets		
Invested in capital assets	36,385	56,615
Restricted for fixed asset replacement	3,727,535	3,516,476
Unrestricted	1,053,959	935,131
Total Net Assets	4,817,879	4,508,222
Total Liabilities and Net Assets	<u>\$4,986,785</u>	<u>\$4,661,951</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

BEDFORD SEWAGE DISPOSAL SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL

For the Years Ended December 31,

2004

	Budget	Actual	Variance Favorable (Unfavorable)	2003 Actual
Operating Revenues				
Bedford Township operation and maintenance fee	\$1,640,715	\$1,619,317	(\$21,398)	\$1,593,806
Tap inspection fees	0	6,050	6,050	4,175
Equipment rental revenue	0	0	0	1,784
Total Operating Revenues	1,640,715	1,625,367	(15,348)	1,599,765
Operating Expenses				
Wages and fringe benefits	659,637	616,756	42,881	569,857
Other operating expenses:				
Sludge removal and disposal	71,500	104,150	(32,650)	69,924
Vehicle expense	11,500	17,756	(6,256)	10,943
Office supplies	1,500	1,284	216	1,231
Chemicals	25,000	22,867	2,133	23,817
Operating supplies	74,000	42,908	31,092	46,567
Replacement parts	0	29,302	(29,302)	24,860
Professional services	5,700	9,500	(3,800)	6,619
Lab analysis and supplies	16,200	18,675	(2,475)	18,328
Administrative fee	51,000	51,000	0	51,000
Telephone	20,000	16,674	3,326	15,426
Mileage	400	267	133	153
Insurance	61,000	71,218	(10,218)	59,089
Electricity	220,000	191,809	28,191	218,485
Gas	33,000	42,596	(9,596)	32,531
Water and sewer	13,000	13,596	(596)	9,008
Contracted services	15,000	11,672	3,328	9,262
Equipment rental	34,000	31,028	2,972	32,353
Training	500	233	267	0
Sewer maintenance	287,078	248,954	38,124	272,713
Miscellaneous	2,300	4,528	(2,228)	5,252
County central services fee	0	7,275	(7,275)	0
	942,678	937,292	5,386	907,561
Depreciation	21,400	20,230	1,170	20,786
	964,078	957,522	6,556	928,347
Total Operating Expenses	1,623,715	1,574,278	49,437	1,498,204
Net Operating Income (Loss)	17,000	51,089	34,089	101,561
Non-Operating Revenues (Expenses)				
Interest income	0	18,207	18,207	13,548
Net Income (Loss)	\$17,000	69,296	\$52,296	115,109
Contributions and interest on Net Assets Restricted for fixed asset replacement		240,361		226,337
Increase in Net Assets		309,657		341,446
Net Assets - Beginning of Year		4,508,222		4,166,776
Net Assets - End of Year		\$4,817,879		\$4,508,222

MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY

BEDFORD SEWAGE DISPOSAL SYSTEM

SCHEDULE OF CHANGES IN NET ASSETS RESTRICTED FOR FIXED ASSET REPLACEMENT
For the Years Ended December 31,

	<u>2004</u>	<u>2003</u>
Opening Balance	\$3,516,476	\$3,315,000
Additions:		
Contributions	189,072	189,072
Interest Income	51,289	37,265
Transfers from Retained earnings - unreserved	0	0
	<u>240,361</u>	<u>226,337</u>
Deductions:		
Transfers to Retained earnings - unreserved	<u>29,302</u>	<u>24,861</u>
Closing Balance	<u>\$3,727,535</u>	<u>\$3,516,476</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

BEDFORD SEWAGE DISPOSAL SYSTEM

STATEMENT OF CASH FLOWS
For the Years Ended December 31,

	<u>2004</u>	<u>2003</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$922,115)	(\$866,998)
Cash paid to employees	(616,756)	(569,857)
Cash received for internal services used	<u>1,618,166</u>	<u>1,599,765</u>
Net Cash Provided (Used) by Operating Activities	79,295	162,910
Cash Flows from Capital and Related Financing Activities:		
Capital contributed by Bedford Township, fixed assets	189,072	189,072
Acquisition of fixed assets	<u>0</u>	<u>0</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	189,072	189,072
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>69,496</u>	<u>50,813</u>
Net increase (decrease) in cash and cash equivalents	337,863	402,795
Cash and cash equivalents at beginning of year	4,603,836	4,201,041
Cash and cash equivalents at end of year	<u><u>\$4,941,699</u></u>	<u><u>\$4,603,836</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$51,089	\$101,561
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	20,230	20,786
Changes in assets and liabilities		
Due from other funds	(7,201)	0
Accounts receivable	0	0
Accounts payable	10,560	37,949
Due to other funds	4,617	2,614
Total adjustments	<u>28,206</u>	<u>61,349</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$79,295</u></u>	<u><u>\$162,910</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

IDA-RAISINVILLE SEWAGE DISPOSAL SYSTEM

STATEMENT OF NET ASSETS

ASSETS

	December 31,	
	2004	2003
Current Assets		
Cash	\$37,129	\$40,096
Due from other funds	6	0
Total Current Assets	37,135	40,096
Restricted Assets - Fixed Asset Replacement		
Certificate of deposit	12,012	11,211
Property, Plant and Equipment	0	0
Total Assets	<u>\$49,147</u>	<u>\$51,307</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$1,533	\$303
Due to other funds	18,796	20,027
Total Current Liabilities	20,329	20,330
Net Assets		
Restricted for fixed asset replacement	12,012	11,211
Unrestricted	16,806	19,766
Total Net Assets	28,818	30,977
Total Liabilities and Net Assets	<u>\$49,147</u>	<u>\$51,307</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

IDA-RAISINVILLE SEWAGE DISPOSAL SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL
For the Years Ended December 31,

	2004			
	Budget	Actual	Variance Favorable (Unfavorable)	2003 Actual
Operating Revenues				
Ida Township operation and maintenance fee	\$33,519	\$33,519	\$0	\$31,986
Raisinville Township operation and maintenance fee	13,163	13,163	0	12,563
Miscellaneous income	0	114	114	0
Total Operating Revenues	46,682	46,796	114	44,549
Operating Expenses				
Wages and fringe benefits	13,794	11,981	1,813	12,168
Other operating expenses:				
Utility billing	5,750	4,131	1,619	4,131
Operation and maintenance supplies	1,800	9,090	(7,290)	1,287
Mileage	50	0	50	0
Equipment rental	3,000	3,173	(173)	2,885
Administrative fee	3,678	3,802	(124)	3,678
Professional services	1,440	1,698	(258)	800
Telephone	550	629	(79)	410
Contracted services	3,500	5,119	(1,619)	2,400
Electricity	3,000	1,081	1,919	2,746
Sewer maintenance	8,126	5,932	2,194	2,874
Elevator inspection	0	1,309	(1,309)	1,005
Miscellaneous	0	910	(910)	207
County central service fee	0	537	(537)	0
Insurance	500	499	1	416
	<u>31,394</u>	<u>37,910</u>	<u>(6,516)</u>	<u>22,839</u>
Total Operating Expenses	45,188	49,891	(4,703)	35,007
Net Operating Income (Loss)	1,494	(3,095)	(4,589)	9,542
Non-Operating Revenues				
Interest income	0	135	135	147
Total Non-Operating Revenues	0	135	135	147
Net Income (Loss)	<u>\$1,494</u>	<u>(2,960)</u>	<u>(\$4,454)</u>	9,689
Contributions and Interest on Net Assets Restricted for Fixed Asset Replacement Increase(Decrease) in Net Assets		<u>801</u> (2,159)		<u>754</u> 10,443
Net Assets - Beginning of Year		<u>30,977</u>		<u>20,534</u>
Net Assets - End of Year		<u><u>\$28,818</u></u>		<u><u>\$30,977</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

IDA-RAISINVILLE SEWAGE DISPOSAL SYSTEM

SCHEDULE OF CHANGES IN NET ASSETS RESTRICTED FOR FIXED ASSET REPLACEMENT

For the Years Ended December 31,

	<u>2004</u>	<u>2003</u>
Opening Balance	\$11,211	\$10,457
Additions:		
Contributions	640	640
Interest Income	161	114
Transfer from Retained earnings - unreserved	<u>0</u>	<u>0</u>
	801	754
Deductions:		
Expenditures	<u>0</u>	<u>0</u>
Closing Balance	<u><u>\$12,012</u></u>	<u><u>\$11,211</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

IDA-RAISINVILLE SEWAGE DISPOSAL SYSTEM

STATEMENT OF CASH FLOWS

For the Years Ended December 31,
Increase (Decrease) in Cash and Certificates of Deposit

	<u>2004</u>	<u>2003</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$37,917)	(\$23,224)
Cash paid to employees	(11,981)	(12,168)
Cash received for internal services used	<u>46,796</u>	<u>44,549</u>
Net Cash Provided (Used) by Operating Activities	(3,102)	9,157
Cash Flows from Capital and Related Financing Activities:		
Capital contributed by Ida Township	460	460
Capital contributed by Raisinville Township	<u>180</u>	<u>180</u>
Net Cash Provided by Capital and Related Financing Activities	640	640
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>296</u>	<u>261</u>
Net increase (decrease) in cash and cash equivalents	(2,166)	10,058
Cash and cash equivalents at beginning of year	51,307	41,249
Cash and cash equivalents at end of year	<u><u>\$49,141</u></u>	<u><u>\$51,307</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	(\$3,095)	\$9,542
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Due from other funds	(6)	0
Accounts payable	1,230	(741)
Due to other funds	(1,231)	356
Total adjustments	<u>(7)</u>	<u>(385)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$3,102)</u></u>	<u><u>\$9,157</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LASALLE SEWAGE DISPOSAL SYSTEM

STATEMENT OF NET ASSETS

ASSETS

	December 31,	
	<u>2004</u>	<u>2003</u>
Current Assets		
Cash	\$31,248	\$18,041
Due from other utilities	1	0
Total Current Assets	31,249	18,041
Restricted Assets - Fixed Asset Replacement		
Cash	4,471	2,656
Property, Plant and Equipment	0	0
Total Assets	<u>\$35,720</u>	<u>\$20,697</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$110	\$473
Due to other funds	10,774	10,200
Total Current Liabilities	10,884	10,673
Net Assets		
Restricted for fixed asset replacement	4,471	2,656
Unrestricted (deficit)	20,365	7,368
Total Net Assets	24,836	10,024
Total Liabilities and Net Assets	<u>\$35,720</u>	<u>\$20,697</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LASALLE SEWAGE DISPOSAL SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL

For the Years Ended December 31,

	2004		Variance	2003
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating Revenues				
LaSalle Township operation and maintenance fee	\$27,715	\$27,715	\$0	\$27,329
Total Operating Revenues	27,715	27,715	0	27,329
Operating Expenses				
Wages and fringe benefits	6,623	3,249	3,374	3,087
Other operating expenses:				
Operating supplies	2,000	1,431	569	544
Professional services	800	1,000	(200)	800
Administrative fee	2,288	2,288	0	2,257
Telephone	650	949	(299)	647
Mileage	35	0	35	18
Insurance	450	525	(75)	437
Electricity	6,500	3,543	2,957	3,814
Equipment rental	3,000	565	2,435	667
Sewer maintenance	5,093	628	4,465	5,021
Miscellaneous	50	134	(84)	0
County central service fees	0	325	(325)	148
Contracted services	225	143	82	200
	21,091	11,531	9,560	14,553
Total Operating Expenses	27,714	14,780	12,934	17,640
Net Operating Income (Loss)	1	12,935	12,934	9,689
Non-Operating Revenues				
Interest income	0	62	62	103
Total Non-Operating Revenues	0	62	62	103
Net Income (Loss)	\$1	12,997	\$12,996	9,792
Contributions and Interest on Net Assets Restricted for Fixed Asset Replacement		1,815		1,772
Increase (Decrease) in Net Assets		14,812		11,564
Net Assets (deficit) - Beginning of Year		10,024		(1,540)
Net Assets (deficit) - End of Year		\$24,836		\$10,024

MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY

LASALLE SEWAGE DISPOSAL SYSTEM

SCHEDULE OF CHANGES IN NET ASSETS RESTRICTED FOR FIXED ASSET REPLACEMENT

For the Years Ended December 31,

	<u>2004</u>	<u>2003</u>
Opening Balance	\$2,656	\$884
Additions:		
Contributions	1,772	1,772
Interest Income	<u>43</u>	<u>0</u>
	1,815	1,772
Deductions:		
Transfers	<u>0</u>	<u>0</u>
Closing Balance	<u>\$4,471</u>	<u>\$2,656</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LASALLE SEWAGE DISPOSAL SYSTEM

STATEMENT OF CASH FLOWS

For the Years Ended December 31,
Increase (Decrease) in Cash and Certificates of Deposit

	<u>2004</u>	<u>2003</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$11,321)	(\$32,266)
Cash paid to employees	(3,249)	(3,087)
Cash received for internal services used	<u>27,715</u>	<u>31,609</u>
Net Cash Provided (Used) by Operating Activities	13,145	(3,744)
Cash Flows from Capital and Related Financing Activities:		
Capital contributed by LaSalle Township	1,772	1,772
Acquisition of fixed assets	<u>0</u>	<u>0</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	1,772	1,772
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>105</u>	<u>103</u>
Net increase (decrease) in cash and cash equivalents	15,022	(1,869)
Cash and cash equivalents at beginning of year	20,697	22,566
Cash and cash equivalents at end of year	<u><u>\$35,719</u></u>	<u><u>\$20,697</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$12,935	\$9,689
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Due from other funds	(1)	0
Due from LaSalle Township	0	4,280
Accounts payable	(363)	(17,532)
Due to other funds	574	(181)
Total adjustments	<u>210</u>	<u>(13,433)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$13,145</u></u>	<u><u>(\$3,744)</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

MAYBEE SEWAGE DISPOSAL SYSTEM

STATEMENT OF NET ASSETS

ASSETS

	December 31,	
	<u>2004</u>	<u>2003</u>
Current Assets		
Cash	\$17,207	\$19,659
Due from other funds	<u>2</u>	<u>0</u>
Total Current Assets	17,209	19,659
Property, Plant and Equipment	<u>0</u>	<u>0</u>
Total Assets	<u><u>\$17,209</u></u>	<u><u>\$19,659</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$570	\$3,162
Due to other funds	<u>11,934</u>	<u>10,096</u>
Total Current Liabilities	12,504	13,258
Net Assets		
Unrestricted	<u>4,705</u>	<u>26,056</u>
Total Liabilities and Net Assets	<u><u>\$17,209</u></u>	<u><u>\$39,314</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

MAYBEE SEWAGE DISPOSAL SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL

For the Years Ended December 31,

	2004			2003
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Operating Revenues				
Village of Maybee operation and maintenance fee	\$46,548	\$46,548	\$0	\$44,288
Total Operating Revenues	46,548	46,548	0	44,288
Operating Expenses				
Wages and fringe benefits	18,884	23,029	(4,145)	19,674
Other operating expenses:				
Operating supplies	2,000	1,398	602	1,223
Professional services	800	1,000	(200)	800
Administrative fee	3,843	3,843	0	3,657
Telephone	1,250	1,727	(477)	1,564
Mileage	100	49	51	33
Insurance	950	1,132	(182)	944
Electricity	3,700	3,619	81	3,295
Elevator inspections	1,000	2,618	(1,618)	2,010
Equipment rental	4,000	3,789	211	4,739
Equipment replacement	0	0	0	14,220
Sewer maintenance	8,050	4,580	3,470	9,133
Tap maintenance	1,421	60	1,361	0
Miscellaneous	50	801	(751)	156
County central service fees	0	540	(540)	0
Contracted services	500	144	356	2,811
	27,664	25,300	2,364	44,585
Total Operating Expenses	46,548	48,329	(1,781)	64,259
Net Operating Income (Loss)	0	(1,781)	(1,781)	(19,971)
Non-Operating Revenues				
Interest income	0	85	85	316
Net Income (Loss)	\$0	(1,696)	(\$1,696)	(19,655)
Net Assets - Beginning of Year		6,401		26,056
Net Assets - End of Year		\$4,705		\$6,401

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

MAYBEE SEWAGE DISPOSAL SYSTEM

STATEMENT OF CASH FLOWS

For the Years Ended December 31,
Increase (Decrease) in Cash

	<u>2004</u>	<u>2003</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$26,056)	(\$39,980)
Cash paid to employees	(23,029)	(19,674)
Cash received for internal services used	46,548	44,288
Net Cash Provided (Used) by Operating Activities	(2,537)	(15,366)
Cash Flows from Investing Activities:		
Interest earned on cash investments	85	316
Net increase (decrease) in cash and cash equivalents	(2,452)	(15,050)
Cash and cash equivalents at beginning of year	19,659	34,709
Cash and cash equivalents at end of year	<u>\$17,207</u>	<u>\$19,659</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	(\$1,781)	(\$19,971)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Due from other funds	(2)	0
Accounts payable	(2,592)	2,929
Due to other funds	1,838	1,676
Total adjustments	(756)	4,605
Net Cash Provided (Used) by Operating Activities	<u>(\$2,537)</u>	<u>(\$15,366)</u>

MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY

SOUTH ROCKWOOD SEWAGE DISPOSAL SYSTEM

STATEMENT OF NET ASSETS

ASSETS

	December 31,	
	2004	2003
Current Assets		
Cash	\$16,109	\$13,426
Property, Plant and Equipment	0	0
Total Assets	<u>\$16,109</u>	<u>\$13,426</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$1,178	\$0
Due to other funds	<u>2,499</u>	<u>2,227</u>
Total Current Liabilities	3,677	2,227
Net Assets		
Unrestricted	<u>12,432</u>	<u>11,199</u>
Total Liabilities and Net Assets	<u>\$16,109</u>	<u>\$13,426</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

SOUTH ROCKWOOD SEWAGE DISPOSAL SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL
For the Years Ended December 31,

	2004		Variance	
	Budget	Actual	Favorable (Unfavorable)	2003 Actual
Operating Revenues				
Village of South Rockwood operation and maintenance fee	\$39,446	\$39,447	\$1	\$35,674
Total Operating Revenues	39,446	39,447	1	35,674
Operating Expenses				
Wages and fringe benefits	19,119	17,891	1,228	16,052
Other operating expenses:				
Operating supplies	1,500	1,221	279	264
Professional services	800	1,000	(200)	800
Training and conferences	0	0	0	0
Mileage	120	49	71	45
Contracted services	1,200	122	1,078	519
Elevator inspection	0	1,317	(1,317)	1,005
Equipment rental	2,500	4,581	(2,081)	2,050
Administrative fee	3,257	3,257	0	2,946
Insurance	300	166	134	139
Miscellaneous	0	0	0	129
Sewer maintenance	10,300	7,344	2,956	8,047
County central service fees	0	451	(451)	0
Telephone	350	892	(542)	208
	<u>20,327</u>	<u>20,400</u>	<u>(73)</u>	<u>16,152</u>
Total Operating Expenses	39,446	38,291	1,155	32,204
Net Operating Income (Loss)	0	1,156	1,156	3,470
Non-Operating Revenues				
Interest income	0	77	77	113
Net Income (Loss)	<u>\$0</u>	<u>1,233</u>	<u>\$1,233</u>	<u>3,583</u>
Net Assets - Beginning of Year		<u>11,199</u>		<u>7,616</u>
Net Assets - End of Year		<u>\$12,432</u>		<u>\$11,199</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

SOUTH ROCKWOOD SEWAGE DISPOSAL SYSTEM

STATEMENT OF CASH FLOWS
For the Years Ended December 31,
Increase (Decrease) in Cash

	<u>2004</u>	<u>2003</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$18,950)	(\$15,957)
Cash paid to employees	(17,891)	(16,052)
Cash received for internal services used	<u>39,447</u>	<u>35,674</u>
Net Cash Provided (Used) by Operating Activities	2,606	3,665
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>77</u>	<u>113</u>
Net increase (decrease) in cash and cash equivalents	2,683	3,778
Cash and cash equivalents at beginning of year	<u>13,426</u>	<u>9,648</u>
Cash and cash equivalents at end of year	<u><u>\$16,109</u></u>	<u><u>\$13,426</u></u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$1,156	\$3,470
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Accounts Payable	1,178	0
Due to other funds	272	195
Total adjustments	<u>1,450</u>	<u>195</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$2,606</u></u>	<u><u>\$3,665</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

WHITEFORD TOWNSHIP SEWAGE DISPOSAL SYSTEM

STATEMENT OF NET ASSETS

ASSETS

	December 31,	
	<u>2004</u>	<u>2003</u>
Current Assets		
Cash	\$22,001	\$19,625
Restricted Assets - Fixed Asset Replacement		
Certificate of deposit	14,356	12,671
Property, Plant and Equipment	<u>0</u>	<u>0</u>
Total Assets	<u><u>\$36,357</u></u>	<u><u>\$32,296</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$75	\$873
Due to other funds	<u>3,647</u>	<u>2,265</u>
Total Current Liabilities	3,722	3,138
Net Assets		
Restricted for fixed asset replacement	14,356	12,671
Unrestricted	<u>18,279</u>	<u>16,487</u>
Total Net Assets	<u>32,635</u>	<u>29,158</u>
Total Liabilities and Net Assets	<u><u>\$36,357</u></u>	<u><u>\$32,296</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

WHITEFORD TOWNSHIP SEWAGE DISPOSAL SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL
For the Years Ended December 31,

	2004		Variance	
	Budget	Actual	Favorable (Unfavorable)	2003 Actual
Operating Revenues				
Whiteford Township operation and maintenance fee	\$22,682	\$22,682	\$0	\$22,220
Total Operating Revenues	22,682	22,682	0	22,220
Operating Expenses				
Wages and fringe benefits	3,604	2,460	1,144	2,235
Other operating expenses:				
Operating supplies	650	346	304	81
Professional services	800	1,627	(827)	800
Mileage	20	0	20	0
Equipment rental	800	609	191	642
Administrative fee	1,873	1,873	0	1,835
Insurance	285	333	(48)	277
Miscellaneous	200	0	200	208
Disposal charge	13,700	12,676	1,024	13,265
Electricity	350	336	14	317
Telephone	400	457	(57)	286
County central service fees	0	265	(265)	0
	19,078	18,522	556	17,711
Total Operating Expenses	22,682	20,982	1,700	19,946
Net Operating Income (Loss)	0	1,700	1,700	2,274
Non-Operating Revenues				
Interest income	0	92	92	158
Net Income (Loss)	\$0	1,792	\$1,792	2,432
Contributions and Interest on Net Assets Restricted for Fixed Asset Replacement		1,685		1,621
Increase in Net Assets		3,477		4,053
Net Assets - Beginning of Year		29,158		25,105
Net Assets - End of Year		\$32,635		\$29,158

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

WHITEFORD TOWNSHIP SEWAGE DISPOSAL SYSTEM

SCHEDULE OF CHANGES IN NET ASSETS RESTRICTED FOR FIXED ASSET REPLACEMENT

For the Years Ended December 31,

	<u>2004</u>	<u>2003</u>
Opening Balance	\$12,671	\$11,050
Additions:		
Contributions	1,500	1,500
Interest Income	185	121
Transfers from Unrestricted Net Assets	<u>0</u>	<u>0</u>
	1,685	1,621
Deductions:		
Expenditures	<u>0</u>	<u>0</u>
Closing Balance	<u><u>\$14,356</u></u>	<u><u>\$12,671</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

WHITEFORD TOWNSHIP SEWAGE DISPOSAL SYSTEM

STATEMENT OF CASH FLOWS
For the Years Ended December 31,
Increase (Decrease) in Cash

	<u>2004</u>	<u>2003</u>
Cash Flows from Operating Activities:		
Cash paid to suppliers	(\$17,938)	(\$17,373)
Cash paid to employees	(2,460)	(2,235)
Cash received for internal services used	<u>22,682</u>	<u>22,220</u>
Net Cash Provided (Used) by Operating Activities	2,284	2,612
Cash Flows from Capital and Related Financing Activities:		
Capital contributed by Whiteford Township	1,500	1,500
Operating transfers in	<u>0</u>	<u>0</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	1,500	1,500
Cash Flows from Investing Activities:		
Interest earned on cash investments	<u>277</u>	<u>279</u>
Net increase (decrease) in cash and cash equivalents	4,061	4,391
Cash and cash equivalents at beginning of year	32,296	27,905
Cash and cash equivalents at end of year	<u><u>\$36,357</u></u>	<u><u>\$32,296</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$1,700	\$2,274
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Changes in assets and liabilities		
Accounts payable	(798)	32
Due to other funds	1,382	306
Total adjustments	<u>584</u>	<u>338</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$2,284</u></u>	<u><u>\$2,612</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

SOUTH COUNTY WATER SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL

For the Years Ended December 31,

2004

	Budget	Actual	Variance Favorable (Unfavorable)	2003 Actual
Operating Revenues				
Metered water sales	\$2,397,000	\$2,541,997	\$144,997	\$2,169,901
System capital charge	1,074,000	1,162,878	88,878	1,231,105
Sales of supplies and services	64,000	61,412	(2,588)	79,019
Penalties	55,000	62,471	7,471	53,528
Equipment rental	1,500	680	(820)	584
Office space rental	3,000	3,300	300	3,328
Miscellaneous revenue	1,000	460	(540)	1,218
Total Operating Revenues	3,595,500	3,833,198	237,698	3,538,683
Operating Expenses				
Administrative and general	286,684	285,214	1,470	281,016
Water supply operation and maintenance	1,389,095	1,408,400	(19,305)	1,262,018
Utility billing operation	246,808	224,849	21,959	210,445
Distribution system maintenance	530,213	543,952	(13,739)	484,606
Meter and meter shop	88,269	57,980	30,289	54,823
Vehicle and equipment maintenance	79,568	82,060	(2,492)	66,931
Building maintenance	15,607	15,109	498	27,431
Depreciation	463,600	470,050	(6,450)	457,489
Total Operating Expenses	3,099,844	3,087,614	12,230	2,844,759
Net Operating Income (Loss)	495,656	745,584	249,928	693,924
Non-Operating Revenues				
Connection fees	0	193,415	193,415	148,975
Gain on disposal of fixed assets	0	5,252	(5,252)	0
Interest income	103,000	88,964	(14,036)	69,206
Total Non-Operating Revenues	103,000	287,631	174,127	218,181
Non-Operating Expenses				
Loss on disposal of fixed assets	0	0	0	366,183
Capital equipment replacement	660,000	0	660,000	0
Interest expense - 1995 Improvements	166,985	23,625	143,360	30,345
Amortization expense	1,450	1,450	0	1,450
Paying agent fees	700	450	250	350
Total Non-Operating Expenses	829,135	25,525	803,610	398,328
Net Income	<u>(\$230,479)</u>	1,007,690	<u>\$1,238,169</u>	513,777
Net Assets - Beginning of Year		23,197,754		22,683,977
Net Assets - End of Year		<u>\$24,205,444</u>		<u>\$23,197,754</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

SOUTH COUNTY WATER SYSTEM

DETAIL OF OPERATING EXPENSES BUDGET AND ACTUAL

For the Years Ended December 31,

	2004		Variance Favorable (Unfavorable)	2003 Actual
	Budget	Actual		
Administrative and General Expenses				
Labor and fringe benefits	\$127,289	\$131,457	(\$4,168)	\$115,272
Office supplies and postage	5,000	2,764	2,236	4,778
Professional services	8,000	7,922	78	17,380
County Agency administrative fee	72,000	72,050	(50)	72,100
Telephone	5,000	4,681	319	4,587
Insurance	32,340	32,338	2	28,359
Utilities	15,500	12,937	2,563	12,738
Contracted services	3,000	2,847	153	8,573
Training and conferences	2,400	2,378	22	1,836
Bad debt expense	100	0	100	140
Dues & subscriptions	3,055	3,255	(200)	8,990
Miscellaneous	2,000	1,591	409	6,263
County central service fees	11,000	10,994	6	0
Total Administrative and General Expenses	\$286,684	\$285,214	\$1,470	\$281,016
Water Supply Operation and Maintenance Expenses				
Labor and fringe benefits	\$63,090	\$62,596	\$494	\$56,122
Chemicals	3,500	3,749	(249)	1,125
Operating supplies	33,650	84,248	(50,598)	21,974
Telephone	2,200	2,003	197	9,400
Mileage and travel	200	134	66	40
Electricity	86,000	91,260	(5,260)	87,706
Purchased water	1,186,355	1,151,477	34,878	1,069,428
Outside contracted services	350	0	350	1,330
Equipment rental	9,000	8,192	808	12,299
Laboratory supplies	4,700	4,741	(41)	2,594
Miscellaneous	50	0	50	0
Total Water Supply Operation and Maintenance Expenses	\$1,389,095	\$1,408,400	(\$19,305)	\$1,262,018
Utility Billing Operation				
Labor and fringe benefits	\$200,808	\$183,101	\$17,707	\$182,321
Office supplies and postage	13,000	12,561	439	11,911
Operating supplies	1,000	1,103	(103)	5,160
Outside contracted services	32,000	28,084	3,916	11,053
Total Utility Billing Operation	\$246,808	\$224,849	\$21,959	\$210,445

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

SOUTH COUNTY WATER SYSTEM

DETAIL OF OPERATING EXPENSES BUDGET AND ACTUAL

For the Years Ended December 31,
(Concluded)

	2004		Variance	2003
	Budget	Actual	Favorable (Unfavorable)	Actual
Distribution System				
Maintenance Expenses				
Labor and fringe benefits	\$479,213	\$433,982	\$45,231	\$429,700
Operating supplies	40,000	90,529	(50,529)	51,431
Telephone	8,000	8,388	(388)	0
Contracted services	3,000	2,948	52	1,351
Certification & permit fees	0	8,105	(8,105)	2,124
Total Distribution System Maintenance Expenses	\$530,213	\$543,952	(\$13,739)	\$484,606
Meter and Meter Shop Expenses				
Labor and fringe benefits	\$83,269	\$52,947	\$30,322	\$51,289
Operating supplies	3,000	3,053	(53)	3,534
Meter repair parts and testing	2,000	1,980	20	0
Total Meter and Meter Shop Expenses	\$88,269	\$57,980	\$30,289	\$54,823
Vehicle and Equipment				
Maintenance Expenses				
Labor and fringe benefits	\$31,568	\$33,325	(\$1,757)	\$24,530
Gas and oil	18,000	18,362	(362)	12,786
Maintenance materials and contracted services	10,000	10,482	(482)	14,200
Insurance	20,000	19,891	109	15,415
Total Vehicle and Equipment Maintenance Expenses	\$79,568	\$82,060	(\$2,492)	\$66,931
Building Maintenance				
Labor and fringe benefits	\$9,107	\$8,250	\$857	\$20,280
Operating supplies	2,000	1,724	276	1,867
Outside contracted services	4,500	5,135	(635)	5,284
Total Building Maintenance	\$15,607	\$15,109	\$498	\$27,431

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

AGENCY FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES

December 31, 2004

	<u>LaSalle Township</u>	<u>London Township</u>	<u>Village of Maybee</u>	<u>Ida Township</u>	<u>Raisinville Township</u>	<u>Whiteford Township</u>	<u>Total</u>
ASSETS							
Accounts receivable - trade	\$24,086	\$5,677	\$9,767	\$42,370	\$14,243	\$1,565	\$97,708
Due from utilities	10,317	1,756	5,530	11,815	3,940	3,168	36,526
Total Assets	<u>\$34,403</u>	<u>\$7,433</u>	<u>\$15,297</u>	<u>\$54,185</u>	<u>\$18,183</u>	<u>\$4,733</u>	<u>\$134,234</u>
LIABILITIES							
Due to governmental units	<u>\$34,403</u>	<u>\$7,433</u>	<u>\$15,297</u>	<u>\$54,185</u>	<u>\$18,183</u>	<u>\$4,733</u>	<u>\$134,234</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS**

For the Year Ended December 31, 2004

	December 31, 2003	Additions	Deductions	December 31, 2004
LASALLE TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$21,398	\$131,781	\$129,093	\$24,086
Due from LaSalle Sewage Disposal System	9,611	120,225	119,519	10,317
Total Assets	<u>\$31,009</u>	<u>\$252,006</u>	<u>\$248,612</u>	<u>\$34,403</u>
LIABILITIES				
Due to LaSalle Township	<u>\$31,009</u>	<u>\$131,781</u>	<u>\$128,387</u>	<u>\$34,403</u>
LONDON TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$5,667	\$14,205	\$14,195	\$5,677
Due from Maybee Sewage Disposal System	1,644	10,414	10,302	1,756
Total Assets	<u>\$7,311</u>	<u>\$24,619</u>	<u>\$24,497</u>	<u>\$7,433</u>
LIABILITIES				
Due to London Township	<u>\$7,311</u>	<u>\$14,205</u>	<u>\$14,083</u>	<u>\$7,433</u>
VILLAGE OF MAYBEE AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$9,890	\$35,288	\$35,411	\$9,767
Due from Maybee Sewage Disposal System	5,165	32,095	31,730	5,530
Total Assets	<u>\$15,055</u>	<u>\$67,383</u>	<u>\$67,141</u>	<u>\$15,297</u>
LIABILITIES				
Due to Village of Maybee	<u>\$15,055</u>	<u>\$35,288</u>	<u>\$35,046</u>	<u>\$15,297</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

For the Year Ended December 31, 2004

(Concluded)

	<u>December 31, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2004</u>
IDA TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$38,519	\$175,236	\$171,385	\$42,370
Due from Ida/Raisinville Sewage Disposal System	12,479	149,685	150,349	11,815
Total Assets	<u>\$50,998</u>	<u>\$324,921</u>	<u>\$321,734</u>	<u>\$54,185</u>
LIABILITIES				
Due to Ida Township	<u>\$50,998</u>	<u>\$175,236</u>	<u>\$172,049</u>	<u>\$54,185</u>
RAISINVILLE TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$13,228	\$62,787	\$61,772	\$14,243
Due from Ida/Raisinville Sewage Disposal System	4,606	56,153	56,819	3,940
Total Assets	<u>\$17,834</u>	<u>\$118,940</u>	<u>\$118,591</u>	<u>\$18,183</u>
LIABILITIES				
Due to Raisinville Township	<u>\$17,834</u>	<u>\$62,787</u>	<u>\$62,438</u>	<u>\$18,183</u>
WHITEFORD TOWNSHIP AGENCY FUND				
ASSETS				
Accounts receivable - trade	\$1,490	\$21,308	\$21,233	\$1,565
Due from Whiteford Sewage Disposal System	1,743	19,808	18,383	3,168
Total Assets	<u>\$3,233</u>	<u>\$41,116</u>	<u>\$39,616</u>	<u>\$4,733</u>
LIABILITIES				
Due to local units of government	<u>\$3,233</u>	<u>\$21,308</u>	<u>\$19,808</u>	<u>\$4,733</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Accounts receivable - trade	\$90,192	\$440,605	\$433,089	\$97,708
Due from Sewage Disposal Systems	35,248	388,380	387,102	36,526
Total Assets	<u>\$125,440</u>	<u>\$828,985</u>	<u>\$820,191</u>	<u>\$134,234</u>
LIABILITIES				
Due to local units of government	<u>\$125,440</u>	<u>\$440,605</u>	<u>\$431,811</u>	<u>\$134,234</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LASALLE TOWNSHIP AGENCY FUND

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	December 31,	
	2004	2003
Accounts receivable - trade	\$24,086	\$21,398
Due from LaSalle Sewage Disposal System	10,317	9,611
Total Assets	<u>\$34,403</u>	<u>\$31,009</u>

LIABILITIES

Due to LaSalle Township	<u>\$34,403</u>	<u>\$31,009</u>
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STATEMENT OF CHANGES IN DUE TO LASALLE TOWNSHIP

For the Years Ended December 31, 2004 and 2003

	2004	2003
Due to LaSalle Township - Beginning of Year	\$31,009	\$29,084
Add: Sewer use charges	130,396	125,559
Penalties	1,385	1,257
Deduct: Cash remitted to LaSalle Township	119,519	117,359
Delinquent sewer bills transferred to the Township	<u>8,868</u>	<u>7,532</u>
Due to LaSalle Township - End of Year	<u>\$34,403</u>	<u>\$31,009</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

LONDON TOWNSHIP AGENCY FUND

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	December 31,	
	<u>2004</u>	<u>2003</u>
Accounts receivable - trade	\$5,677	\$5,667
Due from Maybee Sewage Disposal System	1,756	1,644
Total Assets	<u>\$7,433</u>	<u>\$7,311</u>

LIABILITIES

Due to London Township	<u>\$7,433</u>	<u>\$7,311</u>
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STATEMENT OF CHANGES IN DUE TO LONDON TOWNSHIP

For the Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Due to London Township - Beginning of Year	\$7,311	\$7,104
Add: Sewer use charges	13,924	13,924
Penalties	281	287
Deduct: Cash remitted to London Township	10,414	11,026
Delinquent sewer bills transferred to the Township	<u>3,669</u>	<u>2,978</u>
Due to London Township - End of Year	<u>\$7,433</u>	<u>\$7,311</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

VILLAGE OF MAYBEE AGENCY FUND

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	December 31,	
	2004	2003
Accounts receivable - trade	\$9,767	\$9,890
Due from Maybee Sewage Disposal System	5,530	5,165
Total Assets	<u>\$15,297</u>	<u>\$15,055</u>

LIABILITIES

Due to Village of Maybee	<u>\$15,297</u>	<u>\$15,055</u>
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STATEMENT OF CHANGES IN DUE TO VILLAGE OF MAYBEE

For the Years Ended December 31, 2004 and 2003

	2004	2003
Due to Village of Maybee - Beginning of Year	\$15,055	\$14,424
Add: Sewer use charges	34,854	34,054
Penalties	434	487
Deduct: Cash remitted to Village of Maybee	32,095	30,511
Delinquent sewer bills transferred to the Village	2,951	3,399
Due to Village of Maybee - End of Year	<u>\$15,297</u>	<u>\$15,055</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

IDA TOWNSHIP AGENCY FUND

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	December 31,	
	<u>2004</u>	<u>2003</u>
Accounts receivable - trade	\$42,370	\$38,519
Due from Ida/Raisinville Sewage Disposal System	11,815	12,479
Total Assets	<u>\$54,185</u>	<u>\$50,998</u>

LIABILITIES

Due to Ida Township	<u>\$54,185</u>	<u>\$50,998</u>
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STATEMENT OF CHANGES IN DUE TO IDA TOWNSHIP
For the Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Due to Ida Township - Beginning of Year	\$50,998	\$52,161
Add: Sewer use charges	173,136	173,136
Penalties	2,100	1,774
Deduct: Cash remitted to Ida Township	149,685	154,825
Delinquent sewer bills transferred to the Township	22,364	21,248
Due to Ida Township - End of Year	<u>\$54,185</u>	<u>\$50,998</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

RAISINVILLE TOWNSHIP AGENCY FUND

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	December 31,	
	<u>2004</u>	<u>2003</u>
Accounts receivable - trade	\$14,243	\$13,228
Due from Ida/Raisinville Sewage Disposal System	3,940	4,606
Total Assets	<u>\$18,183</u>	<u>\$17,834</u>

LIABILITIES

Due to Raisinville Township	<u>\$18,183</u>	<u>\$17,834</u>
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STATEMENT OF CHANGES IN DUE TO RAISINVILLE TOWNSHIP

For the Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Due to Raisinville Township - Beginning of Year	\$17,834	\$16,547
Add: Sewer use charges	61,902	61,901
Penalties	885	688
Deduct: Cash remitted to Raisinville Township	56,153	55,977
Delinquent sewer bills transferred to the Township	<u>6,285</u>	<u>5,325</u>
Due to Raisinville Township - End of Year	<u>\$18,183</u>	<u>\$17,834</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

WHITEFORD TOWNSHIP AGENCY FUND

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	December 31,	
	<u>2004</u>	<u>2003</u>
Accounts receivable - trade	\$1,565	\$1,490
Due from Whiteford Sewage Disposal System	<u>3,168</u>	<u>1,743</u>
Total Assets	<u><u>\$4,733</u></u>	<u><u>\$3,233</u></u>

LIABILITIES

Due to Whiteford Township	<u><u>\$4,733</u></u>	<u><u>\$3,233</u></u>
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STATEMENT OF CHANGES IN DUE TO WHITEFORD TOWNSHIP

For the Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Due to Whiteford Township - Beginning of Year	\$3,233	\$3,780
Add: Sewer use charges	21,308	21,763
Penalties	0	0
Deduct: Cash remitted to Whiteford Township	19,808	22,310
Delinquent sewer bills transferred to the Township	<u> </u>	<u> </u>
Due to Whiteford Township - End of Year	<u><u>\$4,733</u></u>	<u><u>\$3,233</u></u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2004

Federal Grantor Pass Through Grantor Program Title Grant Number		Federal CFDA Number	Approved Grant Award Amount
Environmental Protection Agency			
Passed through the Michigan Department of Environmental Quality Drinking Water Revolving Fund Program			
Village of South Rockwood Safe Drinking Water Assistance	DWRF Project #7102-01	66.468	\$1,530,000
City of Petersburg Safe Drinking Water Assistance	DWRF Project #7099-01	66.468	2,720,000
Total Federal Financial Assistance			<u>\$4,250,000</u>

* These grants are funded with federal and state funds. Both portions are reflected in this schedule. In the City of Petersburg grant, \$115,911 of the \$170,510 expended was determined to be federal funds.

See accompanying notes to schedule of expenditures of federal awards

<u>Accrued (Deferred) Revenue January 1, 2004</u>	<u>Prior Year Expenditures Memo</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts (Accrual Basis)</u>	<u>Accrued (Deferred) Revenue December 31, 2004</u>
\$0	\$1,530,000	\$0	\$0	\$0
(33,982)	2,513,573	170,510 *	136,528	0
<u>(\$33,982)</u>	<u>\$4,043,573</u>	<u>\$170,510</u>	<u>\$136,528</u>	<u>\$0</u>

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2004

Note A

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Monroe County Drain Commissioner, County Agency and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2004

Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the Monroe County Drain Commissioner, County Agency.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of the Monroe County Drain Commissioner, County Agency, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported.
5. The auditor's report on compliance for the major federal award programs for the Monroe County Drain Commissioner, County Agency expresses an unqualified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133 reported in this Schedule.
7. The City of Petersburg State Drinking Water Revolving Fund Loan, CFDA #66.468, was tested as a major program.
8. Type A programs are programs with \$300,000 or more of federal expenditures. Type B programs are programs with less than \$300,000 in federal expenditures.
9. The Monroe County Drain Commissioner, County Agency qualified as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT:

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:

ENVIRONMENTAL PROTECTION AGENCY

None

**MONROE COUNTY DRAIN COMMISSIONER
COUNTY AGENCY**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2004

Prior Year Findings and Questioned Costs - Major Federal Award Programs Audit

Environmental Protection Agency

Safe Drinking Water Assistance Program - CFDA No. 66.468

Finding

X1-1 Drinking Water State Revolving Fund Project #7099-01 - Year ended
December 31, 2003

Condition: On the most recent advancement of funds by the DEQ for the County's disbursements an error was disclosed on the monthly billing. The County had drawn an amount from the Drinking Water Revolving Fund that was in excess of disbursements by \$33,982. This amount was correctly reported as deferred revenue in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2003.

Recommendation: Any funds drawn from the Drinking Water Revolving Fund must be returned to the Authority per the provisions of the County's supplemental agreement with the Drinking Water Revolving Fund Program.

The County's accountant failed to properly reconcile the differences in retainage withheld in a prior billing on disbursements for construction expenses.

Current Status: In the subsequent period the excess of funds drawn was offset against the next disbursement request from the Authority. Correspondence also indicates that the County notified the DEQ of this issue. No similar findings were noted in the 2004 audit.



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Daniel Stefanski
Monroe County Drain Commissioner
County Agency
Monroe, Michigan 48161

Report of Comments and Recommendations

Our audit of the governmental activities and business-type activities of the Monroe County Drain Commissioner, County Agency for the year ended December 31, 2004 was made in accordance with standards generally accepted in the United States of America. These standards require, in addition to obtaining competent evidential matter through inspection, observation, inquiry and confirmation, that we determine that existing internal controls, accounting procedures, and accounting records are adequate to allow us to express an opinion on the financial statements.

Our comments set forth herein are for your review and have been discussed with the appropriate personnel. These comments are based primarily upon procedures employed during our audit and, therefore, do not encompass all matters that might result from special studies directed toward such matters.

Audited Funds

The funds included in our recent audit are as follows:

Administrative Fund
Bedford Sewage Disposal System
Ida-Raisinville Sewage Disposal System
LaSalle Sewage Disposal System
Maybee Sewage Disposal System
South Rockwood Sewage Disposal System
Whiteford Sewage Disposal System
South County Water System
London Township Agency Fund
Ida Township Agency Fund
LaSalle Township Agency Fund
Village of Maybee Agency Fund
Raisinville Township Agency Fund
Whiteford Township Agency Fund
Act 342 Construction Project Funds
Act 342 Debt Retirement Funds

Improper and Illegal Actions

Nothing came to our attention during the course of the audit to indicate any improper or illegal actions.

Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	
		\$ 98,568	Bedford O & M
		3,041	Ida\Raisinville O & M
		4,648	Maybee O & M
		120,888	SCW O & M
		2,499	S. Rockwood O & M
		457	LaSalle O & M
Administrative Fund	\$230,581	480	Whiteford O & M
	<u>\$230,581</u>	<u>\$230,581</u>	
Bedford O & M	\$7,201		
Ida\Raisinville O & M	6		
Maybee O & M	2		
SCW O & M	1		
S. Rockwood O & M	93		
LaSalle O & M	1	\$7,177	SCW O & M
Whiteford O & M	<u>1</u>	<u>128</u>	Administrative Fund
	<u>\$7,305</u>	<u>\$7,305</u>	
Ida-Trust & Agency	\$11,815	\$11,815	Ida\Raisinville O & M
Raisinville-Trust & Agency	<u>3,940</u>	<u>3,940</u>	Ida\Raisinville O & M
	<u>\$15,755</u>	<u>\$15,755</u>	
LaSalle Trust & Agency	<u>\$10,317</u>	<u>\$10,317</u>	LaSalle O & M
London Trust & Agency	\$1,756	\$1,756	Maybee O & M
Maybee Trust & Agency	<u>5,530</u>	<u>5,530</u>	Maybee O & M
	<u>\$7,286</u>	<u>\$7,286</u>	
Whiteford Trust & Agency	<u>\$3,168</u>	<u>\$3,168</u>	Whiteford O & M
Totals	<u>\$274,412</u>	<u>\$274,412</u>	

Daniel Stefanski
Monroe County Drain Commissioner

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If you have any questions concerning these comments or the audit report, please contact us. It has been a pleasure to be of service to you and we appreciate the cooperation which we received during the audit.

Cooley Hehl
Wohlzammuth & Carlton

February 17, 2005